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NEWS SUMMARY

GENERAL

Dispute hits BA Heathrow flights

British Airways is to cancel 42 European and domestic Heathrow flights today because of a dispute with baggage loaders, who were locked out after refusing to operate new work schedules.

Shuttle and long-haul flights, and foreign airlines, have not been affected.

Yesterday, 47 flights were cancelled. BA said other staff had volunteered to take over the baggage work, enabling 34 European and domestic flights to be run. Page 8

Kissinger surgery

Former U.S. Secretary of State Henry Kissinger will undergo open heart surgery in Boston today. Doctors said there was little risk.

Fatal crashes

A DC-8 aircraft crashed into Tokyo Bay, killing 24; 150 survived. In the Philippines, a DC-3 carrying Japanese tourists hit a mountain, killing six.

'Troops out' plea

East Germany's church-based peace movement appealed to western allies and the Soviet Union to withdraw their "occupation troops" from all Germany. Page 2

GLC backed

The House of Commons approved by a majority of 28 a Labour proposal to legalise the Greater London Council's cheap fares policy, outlawed by the Law Lords. Page 8

Pyke comes home

Businessman Andrew Pyke arrived back in Britain promising never to return to Iran, where he was imprisoned without trial for 18 months.

Sinn Fein ban

The Irish Government is to ban Sinn Fein, political wing of the provisional IRA, from giving party political broadcasts in the current general election.

Death blasts

Three died and 29 were hurt when an explosion destroyed a cosmetics factory near Frankfurt West Germany. In Nova Scotia, Canada, a blast in a pulp mill killed five.

Cashless petrol

Clydesdale Bank and BP launched a scheme for the bank's customers to pay for petrol with a plastic card which debits their bank accounts directly. Page 6

Nixon loses

U.S. appeal court rejected a claim by former President Nixon that the government was invading his privacy by processing his White House tape recording for public use.

Egypt dawn raid

Egypt police charged 31 people with forming a Communist Party, after arresting them at dawn.

Archers hit list

BBC promised not to kill Dan Archer, at present ill in its Archers radio serial. But Polly Perks must die today, in a car crash.

Briefly . . .

Thelonious Monk, jazz pianist, was in a coma after a stroke.

Sebastian Coe, a runner, received the MBE.

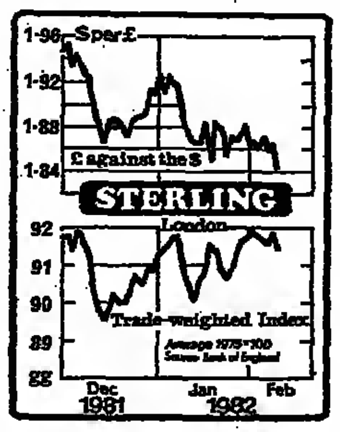
Ladbrokes made the Tories 11-8 favourites to win the next general election.

Bill Beaumont, English rugby captain, retired. Steve Smith replaces him.

BUSINESS

£ falls by 1.95c; equities lose 7.5

● STERLING fell 1.95 cents to 1.842 and weakened to DM 4.3775 (DM 4.395).



FFr 11.105 (FFr 11.16) and SwFr 3.525 (SwFr 3.5325). Its trade weighted index was 91.5 (91.9). Page 29

● DOLLAR strengthened to DM 2.376 (DM 2.3595), FFr 6.03 (FFr 5.995), SwFr 1.9125 (SwFr 1.8975) and Y236.6 (Y234.75). Its trade-weighted index was 112.4 (111.7). Page 29

● EQUITIES were depressed by the expansion in money growth. The FT 30-share index lost 7.5 to 563.2. Page 32

● GILTS were also easier. The Government Securities Index fell 0.29 to 64.39. Page 32

● GOLD rose $0.75 to $379.5 in London. In New York the Comex February close was $380.5. Page 32

● WALL STREET was down 2.57 to 830.86 near the close. Page 30

● SAUDI ARABIA has agreed to increase its credit line to West Germany. The size of new credits is still to be worked out. Back Page

● TIMES NEWSPAPERS unveiled a comprehensive redundancy package in an attempt to persuade 600 staff members to accept voluntary severance by the end of next week. Back Page

● FRENCH financial institutions agreed to provide Brazil with the equivalent of more than $1.2bn (£631m) in fresh supplier credits and loans. Page 5

● SEVEN-YEAR £25m Eurosterling bond was launched for Reed International, the paper, publishing and building products group. Page 25

● ELECTRICITY SUPPLY industry unveiled plans to offer large industrial power consumers greater opportunities for price discounts. Page 6

● UK ROBOT population will be about 10,000 in 10 years, Tom Brock, executive secretary of the British Robot Association, said. Page 6

COMPANIES

● CAST, Canadian-owned transatlantic container ship operator, is discussing rescheduling the $13m (£7.06m) debts on three bulk cargo ships being built in South Korea. Page 25

● HUNTING PETROLEUM Services is raising £12.5m net in a rights issue of ordinary shares and convertible loan stock. Page 20

● BOEING COMPANY of the U.S. reported net profits down from $600m to $473m for 1981. Page 25

● CREST NICHOLSON, industrial group, reported taxable profits up by £0.9m to £6.32m for 1981. Page 21

● AMSTRAD CONSUMER ELECTRONICS, hi-fi group, reported pre-tax profits up from £1.31m to £2.59m for the six months to end-December. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Chubb	111	+ 5
Utd Scientific	635	+ 28
Wood Hall Trust	205	+ 49
UC Invs	590	+ 20
FALLS		
Treas 8½pc 1984-86	£82	− ½
Treas 13¾pc 2000-03	£91	− ¾
Aaronson Bros	34	− 11
Amstrad	235	− 5
Barratt Devs	235	− 7
Blue Circle	530	− 8
Boots	208	− 6
Burton	148	− 5
Cable and Wireless	238	− 8
GEC	821	− 7
Grand Met	190	− 8
GRE	298	− 6
GKN	177	− 5
Hawker Siddeley	328	− 8
Holden (A.)	184	− 8
Macpherson (D.)	80	− 6
News Intnl	93	− 12
Pearl Assurance	390	− 10
Pilkington	273	− 12
Plessey	358	− 9
Racal Elec	373	− 7
Whitbread A	100	− 5
Candecca	186	− 7
Bougainville	64	− 6
Charter Cons	240	− 10
RTZ	443	− 13
Western Mining	215	− 15

Receivers consider offers for Laker holiday companies

BY ALAN FRIEDMAN AND MICHAEL DONNE

THE Midland Bank-led syndicate which lent Laker Airways $131m (£71m) to purchase three A-300 Airbuses met in London yesterday and agreed to sell the aircraft in "two to three months."

Laker's receivers, meanwhile, worked into the night to finalise the sale of Laker Air Travel and Arrowsmith Holidays, the tour-operating companies which were made available to bidders yesterday morning.

Thomson Holidays, the subsidiary of The Thomson Organisation, said last night it was not bidding for the Laker companies. It is understood that Intasun, British Caledonian and Cosmos Holidays were among the bidders.

Mr Bill Mackey and Mr Nigel Hamilton, the joint receivers appointed by Clydesdale Bank to manage Laker affairs, released the "sales package" to prospective bidders yesterday and set a deadline of 7 pm for offers.

It is not known how many of the roughly 270 employees of Laker Air Travel and Arrowsmith Holidays will keep their jobs under new ownership, but it emerged last night that more than 1,000 Laker Airways staff could be dismissed by Friday. When the airline went bankrupt last week, it employed about 2,600 staff.

British Caledonian is taking a cool look at the Laker transatlantic operation although it is not yet making any bids.

British Caledonian stressed yesterday that it was only studying the North Atlantic routes to Miami, Tampa, New York and Los Angeles, to see if there was anything that might usefully be acquired to improve its Atlantic operations to Atlanta, St Louis, Houston and Dallas/Fort Worth.

Preliminary indications are that the Laker route to Tampa would be worthless. New York would be so competitive as to be undesirable. But there might be opportunities to Miami, especially as a gateway into the U.S. from South America. Los Angeles might prove to be a profitable addition to the British Caledonian network.

There were also suggestions yesterday that Sir Freddie Laker may be trying to revive a part of the airline—such as the Skytrain operation—in a substantially - slimmed form. One Laker creditor said he had spoken to Sir Freddie on Sunday and was told he was "trying to keep something going on the North Atlantic route."

While bidders were busy with the Laker tour operations yesterday, the Midland Bank-led Airbus loan syndicate met in London to discuss the sale of the three A-300 Airbuses it hod helped Laker to finance.

The syndicate agreed to sell the airbuses and Mr Hamilton said he expected the sale would take "at least two to three months."

Mr Lyn Hall, the receiver appointed by Mitsui and Co. said last night he would try to sell the five McDonnell Douglas DC-10/10s which Mitsui has a fixed charge on.

Last night Laker Airways' headquarters at Gatwick Airport was still being manned by staff handling donations from the public. One Laker employee estimated that more than £3m had been pledged so far.

BA likely to be advised to reorganise, Page 6

Thatcher reaffirms faith in markets, Page 8

Concern grows over cost and export appeal of new submarine

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

CONCERN IS growing at senior levels in the Ministry of Defence over a new submarine for which Britain is committed to spending several hundred million pounds.

It is feared there is a diminishing requirement for it by the Royal Navy and little hope of the export sales for which the vessel is being designed.

Mr John Nott, Secretary for Defence, is believed to be considering launching a full-scale enquiry into the development of the vessel. Known as the Type 2400, it is being designed as a conventionally powered submarine to patrol Britain's coastal waters in the 1990s.

The submarine is still on the drawing board, but the estimated cost of each of the 10 vessels likely to be ordered by the Royal Navy is believed to have doubled, to well in excess of £100m, since the mid 1970s when the Royal Navy first expressed interest in the boats.

Escalating costs, delays and what many people believe to be outdated technology being embodied in the design also mean that once high export hopes for the submarine are not likely to materialise.

Critics of the submarine, both in the Ministry of Defence and in industry, believe Britain is already losing export sales to West German built submarines.

They say West German designs are sea proven and could produce a boat for about a third of the cost of the T2400. They say that West Germany is far ahead on producing what is known as the hybrid submarine, in which conventional diesel electric propulsion is supplemented by a fuel cell unit.

Proponents of the fuel cell believe that it could ultimately provide a safer and simpler alternative to nuclear power for submarine propulsion. The fuel cell is currently mainly in use in U.S. space vehicles.

Critics suggest Britain should cancel the T2400 development and instead reactivate a 1971 agreement between two West German shipbuilding groups and Vickers Shipbuilding, now a nationalised British Shipbuilders subsidiary. This would allow Vickers to build German submarines under licence, possibly also permitting export sales to Commonwealth countries.

It is argued that this course could save Britain at least £500m, without loss of jobs in the warship-building yards. British Shipbuilders already faces some 3,000 redundancies as a result of last year's cutbacks in naval spending.

In London last night, the Ministry of Defence said no decision to cancel the T2400 had been made. The development contract with British Shipbuilder, continued, the Ministry said.

The T2400 has a chequered history. Designs for the diesel electric patrol submarine were prepared by Vickers in the early 1970s. They were taken over by the Defence Ministry some six years ago, when the idea was to develop rapidly a replacement for the Royal Navy's Oberon class patrol submarines, which were commissioned between 1961 and 1967.

The Navy's "staff target" for

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West urged to specialise in arms development, Page 7

Defence spending to be reappraised, Page 6

Haig condemns 'oppression'

BY OUR FOREIGN STAFF

MR ALEXANDER HAIG, the U.S. Secretary of State, claimed yesterday the Soviet Union had "clearly nullified" its commitments to human rights by instigating and supporting a "ruthless campaign of oppression" in Poland.

Five other Western Foreign Ministers threw their weight behind his condemnation at the resumption of the Conference on Security and Co-operation in Europe in Madrid yesterday.

But the Soviet and Polish delegates sat through the assault, in spite of fears that they might walk out of the 35-nation conference and bring it to an abrupt end.

Mr Leonid Ilyichov, the Soviet delegate, was reported to have replied to the closed session that events in Poland were an internal matter and counter-claimed that the U.S. had breached the Helsinki accords on human rights by supporting the government fight against guerrillas in El Salvador.

Mr Haig intimated that he felt the conference should be suspended. To continue it while oppression went on in Poland "would simply condone the massive violations," he said.

"How can the U.S. return to negotiations on new words and undertakings while existing obligations are being so blatantly ignored?" he asked.

It now seems unlikely, despite the bitterness of yesterday's meeting, that the conference will break down.

The Americans appeared to have softened their argument—on West German insistence—for a shortened meeting.

Originally, the U.S. wanted to limit the session to statements by Foreign Ministers criticising the introduction of martial law in Poland and then break until the autumn.

General Haig, however, made no reference to a time limit in yesterday's speech, and it is now thought that the conference will last for between two and three weeks more, during which there will be some time to discuss other issues.

This accords with the German view that the CSCE process should also maintain at least the appearance of a dialogue or negotiation on detente.

Pope backs freedom for Solidarity, Back Page

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For latest Share Index phone 01-246 8026

Private bank loans up by £1.5bn

BY MAX WILKINSON,

ADVANCES by the clearing banks to the private sector surged by an underlying £1.5bn last month. At the end of January the Bank of England warned the banks to be more careful about the expansion of credit for house purchases.

The increased lending was reflected in a big jump in the money supply. The Bank of England estimated yesterday that the broad measure of money, sterling M3, rose 1½ per cent to 1¾ per cent in the banking month of January.

This puts the annual rate of increase since last February at 15¾ per cent compared with a Government target of 6-10 per cent.

It is widely assumed that growth of the money supply by the end of the financial year will be more than twice the lower target and perhaps 3 percentage points over the upper figure.

The poor figures, combined with uncertainty about U.S. interest rates caused a nervous reaction in London markets in spite of indications that the authorities do not regard the excessive growth of the money supply as sufficient reason to raise interest rates.

The impression that the authorities would still like to push interest rates downward was reinforced by the fact that the Bank chose Monday for the announcement of its latest gilt edged stock. But there is considerable anxiety that firmer U.S. rates could put this policy into reverse.

Yesterday gilts fell back. The FT gilts index was down 0.29 at 64.39. Equities also reacted sharply to the money supply figures. The FT index fell four points between 2.00 pm and 3.00 pm. It closed 7.5 points down at 563.2.

At the same time 3-month Eurodollar rates increased nearly ¼ point to 16¼ per cent. Sterling fell 2 cents against the dollar to close in London at $1.842 and its value against a trade weighted selection of currencies was down 0.4 at 91.5.

The clearing banks said their total lending to the private sector had increased by £2.18bn in the six weeks to January 20. After allowing for a seasonal increase of £650m, reflecting tax payments, the underlying rise was £1.5bn.

The banks say, however, this included a substantial switch

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Volcker set to hold tight course, Page 4

Money markets, Page 29

Tenneco may sell Albright and Wilson

BY SUE CAMERON, CHEMICALS CORRESPONDENT

TENNECO THE U.S. conglomerate, is believed to be negotiating the sale of Albright and Wilson, the UK-based chemicals group it bought in 1978. If the talks are successful an announcement could be made in the next six weeks.

Neither Albright nor Tenneco would confirm yesterday that a sale is being discussed. But Tenneco is known to be considering selling some of its holdings to reduce the high interest charges it faces and to raise cash to invest in its expanding energy operation.

It is far from clear that a sale will go through. A number of companies, including Hoechst of West Germany, are believed to have been unsuccessfully approached.

Tenneco is expected to try to sell Bush Boake Allen, Albright's flavours and fragrances division, separately. Industry experts say that although the flavours and fragrances business is successful it needs greater international marketing strength.

There is evidence that the flavours and fragrances sector is being rationalised. Unilever, for example, has just announced the merging of three of its subsidiaries into a single flavours and fragrances company to be known as PPF.

The rest of Albright's operations, centred on phosphorous chemicals which are used in the making of a wide range of things including detergents and fertilisers, are expected to be kept together. Albright had a pre-tax profit of £1.8m in 1980 on sales of £424m and employs some 9,000 people worldwide, two-thirds of them in the UK. It has been hard hit by the recession, although less so than some other UK chemical companies.

Tenneco, with net profits of $812m (£440m) last year, paid interest charges of $683m in 1981. Chemicals has been showing lower returns than some of its other businesses, which include shipbuilding, gas pipelines, insurance and packaging.

The group reckons that in 1980 its oil, gas pipelines and shipbuilding businesses showed returns on net assets of about 24 per cent, 19 per cent and 18 per cent respectively. But its chemicals operations showed a return of only about 9 per cent.

Tenneco has already started to divest itself of some of its chemical operations. Last year it sold its flexible urethane and speciality foams division in the U.S. The division had sales of over $70m in 1980.

Albright is expected to announce its results for 1981 at the end of this month. In addition to Albright, Tenneco's UK interests include David Brown Tractors. Its Walker Manufacturing subsidiary produces automotive exhaust systems in Belfast and in Burnley, Lancashire.

Exco emerges as buyer of W I Carr Sons

BY CHRISTINE MOIR

EXCO, the money broking group which recently came to the Stock Market, has emerged as the buyer of W. I. Carr Sons and Co. (Overseas), the profitable Hong Kong business which Carr Sebag, the troubled London stockbroking firm, has been forced to put up for sale.

Exco, which is the parent company for Astley and Pearce, and Godsell, two of the leading moneybrokers, said yesterday it had agreed to pay £4.5m for 75 per cent of W. I. Carr.

Senior executives of W. I. Carr, who have always had a minority stake in the Hong Kong stockbrokers, will retain 25 per cent but have the option to sell out to Exco in 1985 on a profit related basis.

Exco will also inject £500,000 of new working capital into W. I. Carr which will be used to finance its international broking business and to expand its representative offices in the U.S. and Japan.

It also intends to link WI Carr with Telerate, the international market dealing communications network in which it recently bought a third stake.

WI Carr produced post-tax

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The sale of a plum asset, Page 24

£ in New York

—	Feb. 8	previous
Spot	$1.8550-8565	$1.8650-8680
1 month	0.20-0.25 pm	0.15-0.20 pm
3 months	0.65-0.70 pm	0.55-0.60 pm
12 months	2.15-2.30 pm	1.75-1.90 pm

Insurers suffer smaller losses in 1981

BY JOHN WICKS IN ZURICH

INSURANCE LOSSES last year were lower than in the preceding two years in spite of a "relatively high number" of natural catastrophes, according to a worldwide survey by the Swiss Reinsurance company. This applied particularly to big claims for storm damage.

The largest weather-induced losses incurred by insurers last year were the $125m-$150m (£67m-£80m) damage from hailstorms in Texas last May, and as yet unspecified total claims after winter storms and flooding in Europe last December and January. For the January claims alone, insured damage is given as the equivalent of some $42.5m (£23m).

In terms of fatalities, the most serious natural disasters last year were two earthquakes in Iran in which more than 4,000 people died, flooding in China with more than 2,500 dead, and a cyclone in Bangladesh which claimed more than 1,000 lives.

Marine insurance had "one of its worst years," with losses as high as in 1980. The largest claims involved ships damaged in the Iraq-Iran war, the hull loss for vessels in the Shatt al-Arab waterway amounted to $55m (£29.5m) for Greek and a further Y13bn (£30m) for Japanese insurers.

Italian voters show sign of shift from big parties

BY RUPERT CORNWELL IN ROME

THE SHIFT of the Italian electorate away from the Christian Democrats and the Communists towards the smaller "lay" parties of the centre has been underlined by a local vote last weekend in the Calabrian town of Lamezia Terme.

Although only 32,000 people took part in what was merely a municipal election, the result was keenly awaited by the main parties as a pointer to the country's political mood.

In the virtual absence of reliable opinion polls, Lamezia has provided the first tangible evidence of the impact of a non-Christian Democrat at the head of the Italian Government for the first time in 36 years, and of the row over Poland between the Italian Communists and Moscow.

In the event, the Socialists, Social Democrats and, above all, the Republicans, Prime Minister Sig Giovanni Spadolini's party did best. The Socialists lifted their share by four points to 28 per cent, the Social Democrats by over 2 points to 8 per cent, while the Republicans more than doubled their total to more than 5 per cent.

The two big parties both suffered setbacks. The Christian Democrats dropped to 33 per cent, two points down on the last election in 1980; the Communists lost similar ground.

Home orders and sales revenues are falling, **Stewart Fleming** reports from Frankfurt

W. German recession hits domestic sectors

WEST GERMANY'S economy lies grounded in its most protracted recession since the war and there is no sign of either an early end to the ordeal or—pleas for lower interest rates apart—any agreement about how to float the ship free.

The seriousness of the country's position is highlighted by the Central Bank's estimate that the corporate sector has suffered a slump in profits in the past two years approaching 25 per cent.

In part, this is because international competition has made foreign orders less profitable. But also, a weakened domestic economy has hit capacity utilisation and the ability of companies to raise prices to pass on cost increases, which last year were boosted by the weakness of the D-Mark on the foreign exchanges.

That last week's initiative, the Government's proposed DM 12.5bn (£2.8bn) employment and investment stimulation programme was met with dismay in industry was to be expected. Businessmen knew enough in advance about what to expect to have decided that they were not going to like the coalition Government's suggestions.

That the trade unions should greet the announcement with such grudging thanks was more surprising. It was, after all, the trade unions who had fought for a government programme and even half-promised not to press too hard for an increase in real earnings in the current wage round if they got one.

Yet the day after the programme was announced, after weeks of bickering between the Social Democratic majority in the coalition Government and the Free Democratic Party (FDP) minority (in the course of which Chancellor Helmut Schmidt was forced to threaten to resign to whip the FDP into line), the unions greeted the plans with disdain.

Herr Eugen Loderer, head of the most powerful industrial union IG Metall, damned his political allies with faint praise.

Trade unionists are asking where the economic growth will come from this year to absorb the 200,000 new entrants expected in the labour force. They have not received much of an answer.

The proposals were, he said, "not a medium term programme for improving the structure of the economy, but a short term economic stimulation plan." Even the latter is in doubt, for few economists expect any benefits from the investment stimulation proposals this year, even if the continuing political conflict which lies ahead over the proposed financing through the increased value added tax in 1983, is quickly resolved.

The global economic statistics which are normally used to describe a country's economic performance do scant justice to the harshness of West Germany's recession. According to these, the West German economy last year suffered a decline in real gross national product of "only 0.3 per cent," considerably less than the 1.8 per cent fall in 1975.

The doubling of unemployment to 2m between November 1980 and January 1981, the fall in demand in the domestic economy last year of 2.5 per cent in real terms and the fact that the economy has been stagnating since the first quarter of 1980, give a truer picture of what is going on.

An important reason for this decline is the imbalance which has emerged between companies which concentrate on serving international markets, in which most of the larger and more liquid West German companies are well positioned, and between often small and inadequately capitalised companies, which are orientated towards the domestic market. The worst effects of the recession are therefore almost entirely concentrated on the domestic sector.

According to the Bundesbank's seasonally adjusted economic statistics, real income in West Germany peaked on a quarterly basis in the first three months of 1980. If as a growing number of economists fear, this year will see no significant economic upturn, then the country will have endured for the first time since the war three consecutive years of recession or stagnation.

New orders give one indication of how different has been the experience of the domestic compared with the export sectors of the economy. The volume of domestic orders for manufacturing industry, for example, has fallen by 14 per cent between the first quarter of 1980 and the fourth quarter of 1981, while foreign orders have increased by 8 per cent.

Sales revenues in industry present just as sharp a contrast. Productive industry's foreign sales have risen some 17 per cent over this period, while domestic sales have stagnated overall. Some domestic sales revenues have even declined.

For example, in real terms, sales revenues in the retail industry are more than 5 per cent down since the first quarter of 1980. At the same time, production in the building industry declined by 18 per cent during that period.

Although domestic economic activity slowed through much of the post-war period, it was not long before surging demand for West German exports, coupled with optimistic assessments of the outlook which influenced capital spending decisions, dragged West Germany back into economic growth.

This experience lay behind the policies of the Central Bank and the Government intended to boost investment and create jobs over the past year. But as the Deutsche Bank wrote recently in an economic report, this time, although foreign orders have been surging, "the spark from foreign business has not ignited weak domestic demand."

This is a particularly worrying and unexpected change. In part, it must reflect the still restrictive monetary policy which the Bundesbank feels forced to pursue in the face of U.S. interest rates and volatile foreign exchange markets. Corporate borrowers are still facing real interest rates of around 8 per cent. The fact that West Germany's advanced industrial trading partners are also in recession is no help either. Important too are businessmen's pessimistic assessments of the future, especially when contrasted with the earlier post war period. Risks have increased, but there is little confidence that rewards are also likely to be greater.

Worsening unemployment is unlikely to stimulate consumer demand and boost the economy this year. Capital investment in plant, which fell in real terms by 2.5 per cent last year, is expected to stay weak as corporate profits fall again. Government spending is also providing no extra economic stimulus.

In the circumstances, trade unionists are finding it hard to see where the economic growth will come from this year to absorb the 200,000 new entrants expected in the labour force this year and create jobs to replace those lost because of industrial re-organisation and restructuring. They are still asking the same question after the Government's announcement of its employment programme last week. So far, they have not received much of an answer.

Continued sluggish growth this year should help to limit import growth and underpin the rapid decline already under way in the West German current account deficit. It will also help to curb inflationary pressures. Together, these developments will create more room for the Bundesbank to lower interest rates, and so build a platform for economic recovery in 1983. But this is little comfort to union leaders now, as unemployment continues to rise.

Instead the West Germans, who waltzed through the first oil shock on a wave of international euphoria about the D-Mark, now face simultaneously the needs to adjust the external economy to higher oil prices, and the domestic economy to technological change and an inflexible government deficit.

Recession has done much to get the external accounts into near balance. But the domestic adjustments are proving much more painful and protracted than most West Germans expected.

● *Tomorrow Kevin Done examines the plight of the West German construction industry, the sector hardest hit by the squeeze on public expenditure.*

E. German church plea for end to 'occupation'

By Leslie Colitt in East Berlin

EAST GERMANY'S budding peace movement has issued an extraordinary appeal to both the Western allies and the Soviet Union to withdraw their "occupation troops" from Germany and to guarantee "non-intervention" in the internal affairs of both German states.

In the past, such demands have come from individual East Germans and have led to severe repression and prison. This time, they come from within the East German Protestant Church.

The appeal is circulating inside the Church and in a short time, has gathered hundreds of signatures, to the authorities' acute displeasure.

It was drawn up by Herr Rainer Eppelmann, an East Berlin pastor, who belongs to a group of churchmen who believe that East Germany's only independent organisation should press its demands on the Government and not remain apolitical.

Although the activists within the Church are a minority, they enjoy a growing following among East German youth. Herr Eppelmann himself is a youth pastor and some 6,000 young East Germans have asked the Church to permit an alternative form of military service in "social service" units.

The authorities, who are worried about a pacifist upsurge in East Germany, are refusing to negotiate.

The appeal, which bears the slogan of the West German peace movement — "Make peace without weapons" — says the accumulation of arms in East and West "will not defend us but destroy us."

Negotiations should begin between East Berlin and Bonn to remove all nuclear weapons from German soil, it says. Divided Germany has become the "deployment zone" for both the leading nuclear powers. It proposes an end to this "lethal confrontation."

The "victorious powers" of the Second World War should finally sign peace treaties with both German states as stipulated in the Potsdam agreement of 1945, says the appeal. Following this, the former allies should withdraw their "occupation" troops.

In a sharp criticism of the East German Government, the appeal calls on the authorities to "halt public displays of military might" and to use state holidays to "demonstrate the will to peace of the population."

It also says civil defence should be abolished, as "in a nuclear war there is no meaningful civil defence."

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Military issues top Haig agenda for Lisbon talks

BY DIANA SMITH IN LISBON

THE LAJAS air base in the Azores, which the United States leases from Portugal, and U.S. help in re-equipping the Portuguese armed forces will be high on the agenda of today's talks between Mr Alexander Haig, the U.S. Secretary of State, and members of the Lisbon Government.

Mr Haig is spending 24 hours in the Portuguese capital before going to Morocco. He will meet President Antonio Ramalho Eanes as well as Sr Francisco Balsemao, the Prime Minister, and Sr Andre Goncalves Pereira, the Foreign Minister.

The Middle East and Poland will also be discussed. Portugal has taken a particularly strong stand against what it regards as the Soviet pressure behind martial law in Poland. Two Soviet diplomats were expelled recently and, following an unprecedented outburst by the Soviet embassy against Sr Mario Soares, the Portuguese Socialist leader, there are signs that the Foreign Ministry may take further action.

Sr Soares was accused by the embassy of "mental unbalance" and a need for psychiatric treatment" after he claimed it was a launching pad for disruptive activities in the Iberian peninsula.

A longstanding Nato member, Portugal is anxious, too, not to be relegated to a shadowy role when Spain joins the alliance.

The country is chronically short of cash and witness to a perpetual tug-of-war between civilian politicians and officers of varying political shades over who should determine military policy, promotions and budgets. As a result, it is somewhat dependent on funds and equipment from its Atlantic allies for modernisation of its forces.

NOTICE OF REDEMPTION

to the holders of

GENERAL MILLS FINANCE N.V.

(now General Mills, Inc.)

8% Guaranteed Debentures Due 1986

NOTICE IS HEREBY GIVEN THAT pursuant to the provisions of the Indenture dated as of March 1, 1971 among General Mills Finance N.V., General Mills, Inc., as Guarantor, and Bankers Trust Company, as Trustee, as supplemented by a First Supplemental Indenture dated as of May 15, 1974, $822,000 principal amount of the 8% Guaranteed Debentures Due 1986 have been selected for redemption on March 1, 1982 through the operation of the mandatory Sinking Fund. The numbers of the Debentures selected for redemption are as follows:

M104	1148	2095	4331	6349	7628	9087	10316	11856	13249	13679	14315	16371	17570	18775	21412	23200	23645
112	1171	2097	4379	6375	7643	9270	10522	11857	13250	13680	14334	16372	17634	18787	21457	23203	23666
154	1173	2117	4385	6387	7663	9274	10596	11310	13272	13696	14341	16541	17673	18788	21475	23214	23668
162	1201	2128	4388	6490	7689	9282	10653	11913	13276	13705	14343	16544	17710	18789	21522	23219	23669
175	1202	2139	4392	6553	7690	9380	10665	12002	13297	13706	14356	16549	17786	18804	21565	23229	23670
287	1242	2152	4463	6560	7703	9382	10666	12043	13301	13727	14364	16554	17852	18805	21583	23252	23684
316	1257	2184	4576	6561	7736	9490	10679	12047	13321	13729	14393	16572	17907	18813	21621	23253	23697
340	1261	2185	4605	6569	7737	9514	10692	12134	13325	13730	14398	16595	17975	18862	21663	23274	23713
371	1270	2196	4633	6575	7745	9546	10704	12243	13338	13743	14421	16596	17988	18927	21716	23280	23716
410	1285	2213	4694	6610	7756	9679	10706	12298	13342	13751	14438	16606	17993	18940	21788	23288	23718
531	1288	2273	4702	6634	7760	9582	10724	12338	13344	13787	14444	16611	17996	19227	21807	23302	23719
535	1316	2308	4711	6636	7820	9691	10725	12339	13345	13791	14445	16647	17997	19309	21831	23311	23728
569	1317	2309	4716	6646	7835	9748	10757	12343	13365	13804	14489	16676	18037	19356	21856	23340	23733
586	1319	2313	4736	6667	7838	9749	10762	12344	13373	13805	14490	16731	18038	19476	21900	23341	23743
619	1320	2334	4739	6685	7879	9804	10779	12361	13384	13810	14491	16732	18053	19491	21912	23377	23756
643	1328	2343	4744	6687	8017	9865	10868	12412	13386	13816	14492	16783	18072	19521	21915	23390	23772
656	1335	2347	4753	6713	8018	9893	10878	12422	13393	13832	14493	16774	18090	19552	21933	23391	23773
658	1337	2446	4796	6737	8031	9895	10899	12479	13398	13839	14505	16806	18099	19652	21934	23401	23782
659	1343	2488	4826	6736	8037	9912	10986	12480	13406	13849	14548	16832	18112	19688	21935	23410	23793
660	1356	2530	4834	6747	8042	9920	10967	12499	13407	13868	14707	16880	18132	19879	22008	23411	23800
661	1357	2531	4931	6753	8073	9921	10973	12500	13410	13877	14712	16892	18150	20002	22019	23412	23808
707	1473	2677	4955	6779	8120	9951	11021	12556	13425	13882	14745	16915	18157	20020	22053	23414	23824
732	1526	2679	4968	6780	8164	9999	11117	12611	13430	13888	14771	16916	18166	20061	22061	23437	23828
764	1538	2696	5077	6782	8166	10045	11121	12615	13445	13914	14797	16926	18176	20083	22082	23443	23832
777	1551	2862	5103	6783	8225	10064	11301	12620	13453	13916	14875	16942	18206	20404	22104	23444	23851
782	1552	2913	5224	6828	8422	10072	11302	12658	13473	13931	14932	16946	18225	20501	22148	23456	23861
808	1603	2920	5289	6872	8489	10100	11326	12662	13480	13934	14954	16998	18256	20542	22153	23482	23880
809	1612	3030	5322	6879	8548	10119	11337	12673	13512	13935	15172	17014	18299	20544	22640	23490	23881
884	1620	3096	5343	6935	8625	10122	11368	12677	13522	13953	15185	17017	18313	20619	22814	23502	23893
886	1627	3169	5444	6944	8626	10129	11416	12682	13531	13971	15363	17039	18332	20686	22860	23506	23894
898	1680	3175	5686	6975	8637	10163	11420	12732	13536	13977	15388	17049	18355	20728	23002	23514	23901
937	1683	3389	5689	7040	8647	10165	11440	12821	13541	13994	15402	17092	18370	20759	23009	23519	23903
938	1705	3538	5734	7361	8766	10180	11441	12893	13572	14011	15422	17113	18399	20787	23015	23520	23909
942	1750	3751	5780	7364	8788	10234	11465	12902	13581	14100	15428	17151	18401	20846	23031	23528	23922
955	1759	3758	5793	7376	8789	10258	11469	13000	13587	14110	15479	17185	18438	20891	23037	23543	23958
980	1762	3759	5874	7432	8793	10263	11472	13022	13590	14141	15542	17182	18441	20921	23043	23564	23961
989	1810	3760	6030	7453	8810	10325	11517	13083	13609	14142	15570	17272	18464	20961	23055	23572	23976
1005	1824	3777	6071	7465	8811	10326	11533	13116	13610	14148	15708	17324	18465	21020	23093	23575	23998
1008	1825	3825	6076	7495	8814	10362	11541	13118	13627	14160	15731	17424	18631	21021	23118	23582	23999
1080	1826	3826	6212	7498	8855	10396	11553	13119	13640	14181	16047	17434	18644	21023	23129	23603	24000
1084	1853	3910	6231	7538	8874	10431	11571	13125	13645	14186	16102	17441	18673	21042	23131	23628	
1128	1891	3917	6269	7539	8894	10435	11584	13162	13649	14192	16161	17455	18695	21107	23133	23629	
1129	1931	4226	6274	7551	8999	10449	11608	13164	13656	14253	16168	17467	18712	21255	23136	23630	
1139	1980	4261	6282	7591	9024	10462	11610	13227	13657	14266	16232	17504	18745	21356	23159	23631	
1144	1988	4322	6287	7598	9047	10470	11729	13242	13659	14267	16289	17548	18766	21399	23189	23635	
1145	2084	4328	6310	7627	9084	10497	11836	13243	13683	14276	16334	17565	18771	21400	23190	23642	

Debentures herein designated for redemption will become due and payable at 100% principal amount thereof in U. S. Dollars at the office of Bankers Trust Company, Corporate Trust Division, One Bankers Trust Plaza, New York, New York 10006 and at its office in London, Dashwood House, 69 Old Broad Street or at the option of the holder, at the main office of Citibank, N.A. in Frankfurt/Main, the main office of Banque de Paris et des Pays-Bas in Paris and the main offices of its affiliates in Amsterdam, Brussels and Luxembourg, and the main office of Banca Commerciale Italiana in Milan, upon presentation and surrender of said Debentures accompanied by all coupons appertaining thereto maturing after March 1, 1982. Payment outside New York City will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee, with a bank in New York City. Coupons maturing March 1, 1982 or prior thereto should be detached and presented for payment in the usual manner. On and after March 1, 1982, interest on the Debentures herein designated for redemption shall cease to accrue. All payments are subject to receipt of the necessary funds.

Debentures selected for redemption on March 1, 1978 which have not been presented for payment are:

M17506

GENERAL MILLS FINANCE N.V.
(now General Mills, Inc.)
by Bankers Trust Company, *Trustee*

DATED: January 29, 1982.

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Belgium's biggest shipyard calls in receiver

BY GILES MERRITT IN BRUSSELS

BELGIUM'S new centre-right Government, giving its first demonstration of the toughness with which it plans to impose economic austerity, yesterday allowed the country's leading shipbuilders, Cockerill Yards of Antwerp, to go into receivership.

The decision by Mr Wilfried Martens' Christian Democrat-Liberal coalition not to bail out the debt-ridden shipyard, technically state-owned, follows the recent rejection by a small majority of its 2,700-strong workforce of wage restraint proposals.

Closure of Cockerill Yards, however, risks sending shock waves into some of the most vulnerable sectors of the Belgian economy. In Flemish industry some 7,000 jobs are indirectly tied to the yard, and in francophone Wallonia a further 10,000 engineering jobs rely on sub-contracts from the shipbuilder.

The Government's refusal to shore up Cockerill Yards comes in the wake of the 24-hour general strike on February 8 called by Socialist trade unions in protest against Mr Marten's austerity programme. It underlines the importance that the two-month-old coalition attaches to securing wage restraint and pruning state overspending savagely.

With last year's public sector borrowing requirement standing at a runaway BFr 580bn (£7.8bn), more than 16 per cent of GNP, the Government is demanding that wage cuts of 5 per cent for blue collar workers, 10 per cent for management grades and a halving of the "13th month" payment must be accepted by all companies seeking state financial aid.

Cockerill Yards' workers last week voted by a narrow 56 per cent to reject that, and although the shipbuilder is 85 per cent owned by the state-controlled Cockerill-Sambre steelmaking giant, it has now been declared bankrupt with debts of more than BFr7bn (£94m).

At the end of last year, Cockerill Yards' operating loss was set at BFrs 2.6bn (£35m), while its accumulated debts are being estimated at BFr 3bn (£40m) owing to suppliers and a further BFr 4bn (£54m) in outstanding liabilities, chiefly to the state. In addition to that, the Government is believed to have guaranteed some BFr 7bn-worth of financing absorbed by the yard in recent years.

Apart from the financial cost of allowing Cockerill Yards to collapse, the Government has also to reckon with the likely political price in both Dutch-speaking Flanders and in Wallonia. Something like 45,000 people in the Antwerp region are understood to rely on the shipyard, while the core of Wallonia's engineering sector could be seriously damaged if it loses the yard's orders for steel products and engines.

Balanced against that, though, is the future of the Martens government's plan to limit restructuring aid for steel and the textiles sector to companies that will accept large wage cuts. Failure to make an example of Cockerill Yards would also have damaged the credibility of the detailed austerity package which Mr Martens is to announce shortly.

The future of Cockerill Yards is not finally settled, however. With four ships building and orders up until early 1983, there is a tentative plan for linking Cockerill with Boelwerf, another important but financially hard-pressed Belgian shipbuilder.

The European Commission yesterday approved Belgian state assistance for the Sidmar steel company on condition that the latter makes substantial reductions in capacity, AP-DJ reports. All state aids to the industry must be approved by the Commission under a code adopted last year.

The Commission gave the go-ahead for:

● Government interest rate subsidies of three percentage points for five years on a BFr 4.8bn (£64m) loan.

● State guarantees on BFr 3.2bn (£43m) loans.

● A three-year exemption from the special 20 per cent withholding tax.

● The right of the company to practice accelerated depreciation.

These aids are conditional on a capacity reduction of 520,000 tonnes a year, the Commission said. It has approved only part of the Belgian Government's aid plan which is part of an investment programme to restructure and rationalise the company's operation.

Italian police round up cans of Coca Cola

By James Buxton in Rome

ITALIAN police and paramilitary carabinieri prepared yesterday to seize every can of Coca Cola in the country following an order from a magistrate in Como, north of Milan.

The magistrate's decision, which is automatically binding, came after a young man was taken to hospital after drinking part of a can of Coke. The seizure was ordered as a precautionary measure while investigations went ahead.

Sales of canned Coca Cola continued in most bars and restaurants yesterday and there was no restraint on drinking the same product in bottles. There were only a few reports of customers being warned that canned Coke was the subject of a judicial order.

Some 170m cans of Coca Cola were sold last year, which suggests a formidable volume of work for the authorities. Coca Cola, which operates in Italy through two essence-making plants and 31 bottling establishments, has ruled out any possibility of the drink being harmful.

Police are understood to be investigating the possibility that the substance which made the drinker ill was on the outside of the can.

In 1980, a magistrate in Modena ordered the seizure of all fish fingers in Italy, following an allegation that they contained antibiotics. The seizure was later rescinded, but not before supplies to supermarkets were blocked. A subsequent advertising campaign by the distributors of fish fingers produced increased sales.

U.S. warned not to declare Poland in default

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

IF THE U.S. declared Poland in default on its debt to the West for purely political reasons it would set "an extremely dangerous precedent that could do widespread damage to the mechanisms of international credit," Mr Henry Wallich, a governor of the U.S. Federal Reserve Boards, said in London yesterday.

Following such a move, "banks would have to be concerned, especially after having lived through the Iran precedent, that international credit had become a pawn of political purpose," he told a Financial Times conference on the Euromarkets.

His comments represent one of the few public statements by a Federal Reserve Board governor on the debate raging in Washington over the possible use of default as a political weapon against the military regime in Poland.

Mr Caspar Weinberger, U.S. Secretary of Defence, is believed to favour such an option although so far it has been successfully resisted by General Alexander Haig, the Secretary of State.

In his speech, Mr Wallich said that a declaration of default by the U.S. against Poland could lead to default of private as well as official debt.

"Whether one welcomes such broadened reach of the political purpose or not, the consequences are plain. Any international loan could be exposed to this type of risk," he said. Moreover it would be impossible for banks to evaluate this kind of risk.

"Governments in borrowing countries may change, and may run afoul of the political purpose in lending countries ... nobody could foresee these kinds of contingencies," he said. "The private sector should not be expected to confront the types of risks other than it is capable, to an extent, to evaluate."

AP adds from Washington: The U.S. Administration is resisting growing congressional demands to declare Poland in default on part of its debt to the West.

At a hearing yesterday before the Senate appropriations subcommittee on foreign operations, Mr Robert Kasten Jr, the chairman, accused the Administration of taking a "soft line" towards the Polish regime.

Mr Fred Ikle, Under Secretray of Defence, dismissed such criticism, saying: "It is not our objective to teach a lesson—whatever that means—to either the Polish or the Soviet Government. Nor is it our objective to sound tough or hard any more than it is our obective to soun dsoft and sweet."

Like other Administration witnesses appearing before the subcommittee, Mr Ikle said the pressure on Poland to repay.

SCHMIDT WINS CONFIDENCE BUT NO CEASEFIRE

Vote fails to end disputes in Bonn coalition

BY JAMES BUCHAN IN BONN

ANY HOPES entertained by Herr Helmut Schmidt, the West German Chancellor, that last Friday's parliamentary vote of confidence marked a ceasefire in the squabbling within his coalition have been dashed by a series of rows since the weekend.

In making his unprecedented demand for a confidence vote, Herr Schmidt hoped to still the months of bickering both within and between the Social Democrat (SPD) and Free Democrat (FDP) parties. Most recently this has occurred over the Government's DM 12.5bn (£2.8bn) programme to fight unemployment.

Although the coalition partners buckled down on Friday to give a unanimous vote of confidence in the Chancellor's policies, the past few days have seen an eruption of charges and counter-charges over details of the programme and in the troublesome area of security policy, over which the Social Democrats are deeply divided.

The first shots were fired over the weekend when Dr Dieter Haack, the SPD Housing Minister, expressed reservations about an element of the programme which called for a relaxation of rent control to stimulate housebuilding.

Herr Hans Dietrich Genscher, the Foreign Minister and Free Democrat chairman, responded sharply with a warning to the SPD. "Whoever talks this programme to death," he said, "also talks jobs and the coalition to death."

At the heart of the renewed bickering is anxiety about the financing of the programme. An agreement to add an extra percentage point to value added tax was only agreed by the FDP at the 11th hour last week. The opposition Christian Democrat-Christian Social Union immediately announced with glee that they would use their majority in the Bundesrat, the West German Upper House, to block the VAT increase.

Despite confident statements by Herr Schmidt that some Christian Democrat politicians from regions with high unemployment will support the package, defeat in the Bundesrat looks a possibility and with it the need to find new financing methods. The suggestion within the SPD that last autumn's idea for a supplementary tax on high incomes be revived has infuriated their coalition partners. Count Otto Lambsdorff, the FDP Economics Minister, described Herr Schmidt's remarks on the subject as a "kick in the shin."

At the same time, Herr Schmidt faces growing grassroots opposition within its own party to the Government's support for Nato's so-called "twin track" decision, which calls for the stationing of new U.S. intermediate range missiles in West Germany if there is no progress in the current U.S.-Soviet negotiations in Geneva.

At meetings over the weekend, three out of four regional parties took issue with the Government line, and two called for a moratorium on new missiles. This raises the strong possibility that Herr Schmidt will have to face a bitter debate over the missiles at the party conference in April, in spite of a decision by the SPD leadership to put off debate until just before the missiles are to be installed in 1983.

The West German cost of living index in January rose 0.9 per cent above December, the Government reported yesterday, writes Stewart Fleming in Frankfurt. Compared with January 1981 the index is 6.3 per cent higher, the same rate of increase as reported in December.

Economists expect only a modest decline in the inflation rate in the opening months of the year, partly because of price increases expected for gas, electricity and public transport. But there are hopes that, provided the D-Mark does not decline sharply on the foreign exchanges, inflation will slacken markedly.

Herr Schmidt . . . hopes of peace dashed

Boost for industry in France

By David White in Paris

THE FRENCH Government has announced that FFr 24 bn (£2.1bn) will be made available in long-term loans to industry this year as part of its drive to promote investment.

The funds, to be channelled through specialised state-directed credit institutions, include FFr 16bn at subsidised interest rates.

Loans in the lowest-interest category, set at 13.5 per cent, are being increased to FFr 11bn from FFr 8bn made available last year.

These funds are reserved for companies that make specific commitments in line with priority government programmes—such as job creation, productivity, export promotion, energy-saving or innovation—and which initiate investments before June 30.

Finance Ministry officials said it was hoped that this package, backed up by more traditional medium-term credits, would translate into FFr 30bn of investment.

In addition FFr 5bn is being set aside for companies that fail to meet these conditions at a fixed rate of 15.5 per cent.

More robots for Soviet Union

The Soviet Union plans to increase industrial robots operating in its factories to 100,000 by 1986, according to Novosti Press agency, Reuter reports from Moscow. The semi-official agency said Moscow was developing robot technology to overcome a labour shortage. By 1980, about 6,000 robots were installed in Soviet factories.

EEC's industrial output down 2.5% last year

BY OUR BRUSSELS STAFF

THE EUROPEAN Commission has estimated that the EEC's industrial output last year dropped some 2.5 per cent below 1980 levels.

The member states whose industries appear to have been the worst hit by recession in 1981 are: Luxembourg, which suffered a 7.9 per cent decrease in production; Britain, where a 4.7 per cent decline pushed the output index in mid-1981 close to its 1975 base of 100; and Belgium, which saw its industrial production dip well below the 1975 level.

According to Eurostat figures released yesterday by the Commission, all 10 member states suffered an industrial slowdown except Denmark, which registered a marginal 0.2 per cent increase over the year before. Compared with 1979 output figures, last year represented a 3 per cent decline, although it was noted that last year's figures still exceed 1978 production levels by 1.5 per cent.

The EEC statistics, which are still provisional, also point to a reduction of almost 5 per cent in the Community's industrial workforce and a growth in wages of just over 8 per cent.

OVERSEAS NEWS

Egypt falls behind in spending all its aid

BY ANTHONY McDERMOTT IN CAIRO

EGYPT HAS outstanding undisbursed loans of around $4bn (£2.2bn) and the economic committee of the People's Assembly is currently examining a report that $904m worth of loans granted by the World Bank and the International Development Association (IDA) since 1970 have been unused.

In addition, as much as $2.5bn of American aid is believed to have been undisbursed. But Egypt's ability to absorb aid, currently running at over $3bn a year, is improving.

According to the report before the parliamentary committee, total aid from the World Bank and the IDA up to the end of 1979 amounted to $1.4bn, of which the amount drawn was $526m.

The report said that one factor causing loans to be unused—and in recent years the World Bank and IDA have been involved in some 40 projects—was the failure to allocate in time the local currency component to supplement the foreign currency input.

This was partly because the process of selecting tenders was too protracted and thus the provision of local currency was delayed.

In addition, some Arab financiers, according to the report, had withdrawn their loans, while local contractors had been slow in executing projects open to these loans.

President Hosni Mubarak has returned to Cairo from a visit to Europe and the U.S., where he obtained agreement that U.S. aid could be used more flexibly.

Under an agreement reached, aid would not have to be tied to a specific project but could be shifted from one project to another.

U.S. aid this year is to total $1.1bn of which $350m will be used for commodities and another $750m on projects.

Egypt's absorptive capacity is improving and for the first time this year, disbursements of U.S. aid will equal input.

In addition, statistics for World Bank and IDA aid up to the end of last October show that disbursement has reached $863.6m out of a total of $2.04bn.

Kampuchea coalition idea backed

BY KEVIN RAFFERTY IN SINGAPORE

THE PEOPLE of Kampuchea deserved better than a choice between a régime imposed on them by a foreign army (the Vietnam-backed Heng Samrin régime) and one which had caused them much harm (the former Pol Pot régime) Lord Carrington, British Foreign Secretary, said in Singapore yesterday.

However, Britain continued to support efforts to form the so-called "loose coalition" of groups opposed to the Heng Samrin régime, he added.

Attempts to form a coalition so far have failed, because the Khmer Rouge have refused to join the former Kampuchean ruler, Prince Norodour Sihanouk and the former Premier, Son Sann.

Lord Carrington was speaking shortly before leaving for London after visiting all five countries of the Association of South East Asian Nations (Asean)—Indonesia, Malaysia, the Philippines, Singapore and Thailand.

"I don't think that anyone has given up hope that the Kampuchean coalition might be formed," he declared.

He acknowledged that the Khmer Rouge was the strongest force fighting the Vietnamese in Kampuchea and had to be given a place. But he added: "In the long term, everyone's hope is to see the emergence of a third force."

If the Khmer Rouge insisted in their refusal to join, he said, "There is the alternative of going alone with the other two groups."

The Foreign Secretary carefully stressed that it was not his place to put forward initiatives on South-East Asia. "It would be impertinent for a visitor to try to put forward his own solution," he declared, while pledging support for Asean.

"I am struck by the strength of the bonds between the Asean countries and am impressed by their economic and political vigour and vitality."

Lord Carrington also mentioned the "immense opportunities of the fast growing Asean area. He was accompanied by the chairmen of eight British companies.

Saudis and U.S. agree on military committee

The U.S. and Saudi Arabia have agreed to establish a joint committee on military matters, Mr Caspar Weinberger, U.S. Defence Secretary announced yesterday, Reuter reports from Muscat.

The group, called the Joint Committee for Military projects, had been long sought by Washington.

The committee, similar to bilateral agreements the U.S. has with Morocco, Tunisia, Egypt and Jordan, will be headed by the Defence Ministers of each country, who will meet once a year.

Opec talks 'unlikely'

An extraordinary conference of the Organisation of Petroleum Exporting Countries, to discuss the erosion of oil prices is unlikely "at the present time," according to Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, our Foreign Staff reports.

Sheikh Yamani was speaking following consultations with his counterparts from Kuwait and the United Arab Emirates in Abu Dhabi yesterday.

The next ordinary Opec conference is scheduled for Qito, Ecuador, in May.

Nkomo denial

Mr Joshua Nkomo, the minority member of Zimbabwe's coalition government, has denied prior knowledge of arms caches discovered over the weekend, our Foreign Staff reports.

In an interview with a local newspaper, he said the discovery was "a revelation. Let me say categorically that Zapu planned no rebel action—none whatsoever," he declared.

Iran guerrilla commander killed in Tehran clash

BY TERRY POVEY

IRAN'S guerrilla opposition suffered a major blow this week when its operations commander and several other leading members were killed in a clash in Tehran.

This represents the first major success for the fundamentalist régime of Ayatollah Khomeini in hitting at the leadership of the guerrillas since the campaign of violence started in late June last year.

The radical People's Mojahedin Organisation, which is leading the armed struggle to overthrow the Tehran Government, as been held responsible for the deaths of many of the régime's top officials.

These include the country's President, Prime Minister, Prosecutor-General and Supreme Court chief, as well as many hundreds of security forces members and clerics.

For its part, the authorities have executed at least 3,500 people (the guerrillas claim the figure is nearer 8,000) and jailed many thousands of others in its attempt to eliminate all forms of opposition.

From his place of exile in Paris, the Mojahedin leader, Mr Massoud Rajavi accepted that the death of his number two, Mr Moussa Khiabani, had indeed been a "heavy blow" but he said "a successor had been nominated in advance and this person is already taking charge of things in Iran."

Among those to die with Mr Khiabani was Mrs Ashraf Rabi'i, the wife of Mr Rajavi, and some 12 other leading guerrillas, Tehran Radio claimed yesterday.

Mr Khiabani, like many Mojahedin leaders, was condemned to death under the previous régime but had his sentence commuted.

New Zealand may have to deflate, says OECD

BY DAVID WHITE IN PARIS

NEW ZEALAND will find it "very difficult to avoid" deflationary measures this year in view of high inflation and a widening current payments deficit, the Organisation for Economic Co-operation and Development (OECD) says in its latest report.

The rise in consumer prices, after slowing down last year, is expected to accelerate to around 16.5 per cent.

The shortfall on the current account of the balance of payments is seen increasing to around NZ$1.5bn (£652m) from an estimated NZ$1.1bn in 1981. This is despite an expected slowdown in the growth of import volumes, boosted last year by the Government's reflationary programme.

The OECD forecasts real growth in Gross Domestic Product this year at 1.25 per cent, about half last year's rate.

The spending power of New Zealand households may show no improvement during the year. But a decline in savings is expected to bring a real growth in consumption of about 1 per cent.

The constraints placed on domestic growth by the balance of payments situation should be reduced in the longer run through the development of resource-based industries, aimed at export markets or at substituting imports.

But the OECD warns the Government that, to make the most of these projects, it should make sure they are competitive on world markets while paying the full economic costs of labour, capital and energy.

AMERICAN NEWS

FED TO STRENGTHEN GRIP

Volcker set to maintain tight monetary course

BY DAVID LASCELLES IN NEW YORK

ONLY THREE days after the Reagan Administration produced a budget which blithely ignored his calls for smaller deficits, Mr Paul Volcker, the Chairman of the Federal Reserve Board, appears before Congress today to lay out his own policy plans for this year.

It looks as if he will return the compliment by ignoring the White House's calls for an easier monetary policy.

Every year, the Fed chairman is obliged by law to publish the targets the Fed has set for money supply growth. But his appearance this year is attracting special attention because it coincides not just with the budget, but with the recent spurt in the money supply which has played havoc with the Fed's targets and sent shivers of alarm through Wall Street.

The Fed has already given preliminary indications for monetary growth this year, which broadly mark little change from the fairly restrictive targets it set last year. The exception is M1, the narrowest measure, which the Fed wants to rein in slightly. The crucial question before today's hearings, though, is whether the combination of economic recession and jawboning by the White House has persuaded the Fed that these tentative targets are too tight.

U.S. MONETARY GROWTH
(per cent)

	1981 Target	1981 Actual	1982 Preliminary target
M1	3.5-6	2.2	2.5-5.5*
M2	6-9	9.5	6-9
M3	6.5-9.5	11.2	6.5-9.5

* Short run target for first quarter 4-5 per cent.

Note: M1=currency in circulation, travellers cheques and readily accessible bank accounts. M2= M1 plus overnight repurchase orders, Eurodollars, money market mutual funds and savings accounts. M3=M2 plus large time deposits and term repurchase orders.

Mr Donald Regan, the Treasury Secretary, recently criticised them on the grounds that they did not leave enough room for economic growth, and urged the Fed to consider raising the upper bracket a bit. This criticism looks all the more pointed in the light of the economic growth projections in the budget, which are quite optimistic with nominal gross national product up 11.5 per cent in 1983, compared to the Fed's preliminary growth target for M1 of only 2.5-5.5 per cent.

The advice the Fed has been getting from Wall Street, on the other hand, is to stick tight. This is what it is expected to do, even though a hard line is bound to heighten tensions with the White House, which seems increasingly agitated by the length and depth of the recession.

Ever since the deficit became a major problem a couple of years ago, the Fed has made no secret of its concern. In fact, Mr Volcker has frequently said that the looser fiscal policy becomes, the more it behoves the Fed to hold tight. The budget is unlikely to have done much to ease his concern.

The view within the Fed seems to be that the White House's deficit projections are over optimistic, and that the pressures which Government borrowing will place on the financial markets in the months ahead will keep interest rates at a level which will prevent any economic recovery from getting under way.

Not a startlingly original view, perhaps, but it suggests the Fed is not encouraged by what it sees.

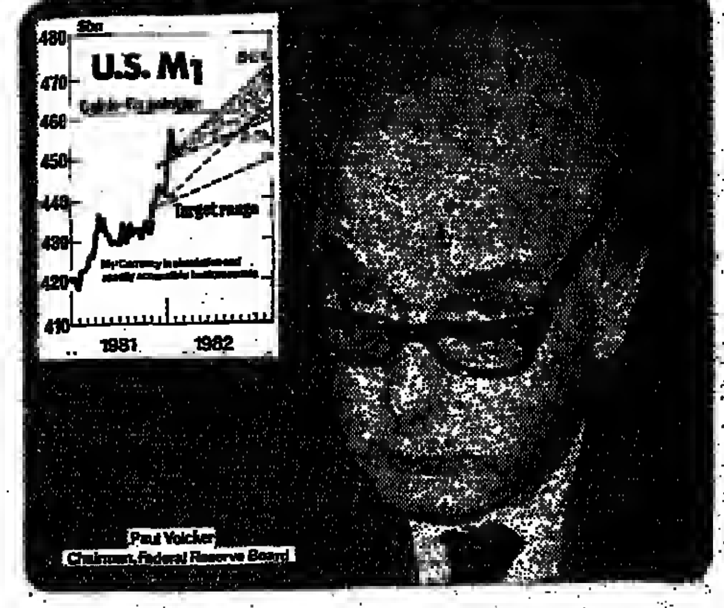
Nor do sources within the Fed believe that the U.S. savings rate will produce enough extra funds to meet the huge extra demand for credit in the period ahead, though the recent tax incentives for savings might do something to help.

Aside from the budget, the Fed is saddled with the problem of containing the recent explosion in the money supply, for which it still has no final explanation. If monetary growth was lagging below target, as it did most of last year, the Fed would have more rom for manoeuvre. But the recent behaviour of M1 is a further reason why the Fed feels it should hold tight. All the Fed has said in public so far is that it wants to keep the growth of M1 down to an annual rate of 4-5 per cent in the first quarter of this year. This is well below the 14.3 per cent annualised rate at which M1 has actually been growing over the last three months.

Some analysts have suggested that the Fed could solve the M1 bulge by simply changing the base from which it calculates monetary growth.

Traditionally, the Fed bases its annual growth targets on the average money supply level in the final quarter of the preceding year. Because M1 fell far below target last year, the base for 1982 is very low. But it could be raised by fixing it at the level M1 was targetted to reach in the final quarter of last year, instead of its actual level.

Although this looks like a "quick fix," it has its proponents. Dr William Griggs and Dr Leonard Santow, money market economists at J. Henry Schroder Wagg bank, say it could be justified on the grounds that the Fed is aiming to foster steady growth of the money supply over several years. So, a shortfall one year could justify a catch-up the next. The quick fix solution would therefore neatly resolve the recent problem over excessive growth of M1.



Paul Volcker, Chairman, Federal Reserve Board

Budget denounced by Koch

By Ian Hargreaves in New York

PRESIDENT REAGAN'S budget was yesterday dismissed as "a very, very bad budget," and his concept of "new federalism" as a confidence trick, by Mayor Edward Koch of New York.

Never one to mince his words, Mr Koch predicted that the budget would not get through Congress.

Mayor Koch's views, although hardly surprising from the Democrat mayor of the country's largest city, illustrates the forces at work trying to move the Democrats to commanding ground in the political centre ahead of November's mid-term congressional elections. Mr Koch has made himself an archetype/centrist by successfully re-running for mayor last November on both the Republican and Democrat tickets.

Mr Koch said the "new federalism" was a straightforward exercise in "load shedding" by the federal Government, which would have a dramatic effect on New York's strained resources.

The mayor said it was now up to Democrats to win the hearts of the middle classes by presenting itself, not as the party of the poor, but as the party of the middle classes which also cares about the poor.

Mr Koch was less clear, at a meeting with New York's foreign Press, about his own political intentions. Having resisted pressures to run for offices outside the mayoralty for many years, Mr Koch has clearly been tempted by the announcement that New York state's governor, Mr Hugh Carey, a Democrat, will not seek re-election next November.

Mr Koch said he would decide by the end of the month whether to run for Governor, but he conceded that with the shift in the balance of power from Washington to the states, the governorship was a more important post than that of mayor of New York city for shaping the future of the town.

Reagan may seek $339m aid for Salvador

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. plans to increase military and economic aid to El Salvador by about 50 per cent in the next fiscal year, according to a member of the Senate Foreign Relations Committee.

Mr Paul Tsongas, a Democrat Senator from Massachusetts, has said that the Administration intends to request $339m (£182m) in military and economic assistance for El Salvador in 1983. This compares with $225m in fiscal 1982 and $171m in 1981.

Although the figures have not been confirmed by the State Department and do not appear in detail in the budget presented to Congress by President Reagan this week, they are consistent with earlier reports that the U.S. would provide over $300m to El Salvador in the coming year.

Unlike the $55m increase in military assistance to El Salvador which the Administration announced last week, the 1983 aid package would require congressional approval and resistance is growing among Senators and Congressmen, both on diplomatic and financial grounds.

When Mr Thomas Enders, Assistant Secretary of State, was notifying congress last week of the Administration's decision to send emergency military aid to El Salvador, members of the House Foreign Appropriations Sub-committee said that the war there was becoming "a bottomless sink."

It was pointed out that sums of the order of $300m for a country as small as El Salvador would be equivalent to about $100bn for a large developing country like India. Liberal Congressmen who oppose the war in El Salvador, on humanitarian grounds are likely to use the demands for stringency in other parts of the budget to persuade their more conservative colleagues that aid to El Salvador should not be increased.

"There is growing apprehension that the U.S. may gradually find itself dragged into an extensive military conflict in central America through its backing of the El Salvador régime. The refusal by State department spokesmen, including Mr Alex-ander Haig, the Secretary of State, to reject the possibility of direct intervention by U.S. troops in certain circumstances, has aroused fears of an involvement in some ways comparable to Vietnam.

Brazil party merger under fire

BY ANDREW WHITLEY IN RIO DE JANEIRO

MOVES TO BLOCK the merger of Brazil's two leading opposition parties, the Partido do Movimento Brasileiro Democratico and the Partido Popular, are gathering pace, only days before a joint congress to seal the union.

Leading the legal and political manoeuvring and prominent factions of the mildly conservative PP, encouraged from the sidelines by the Government which is fearful that the merger will undo the effects of political changes made last November. These were designed to ensure electoral success in November for the ruling Partido Democratico Social.

A senior official has intervened publicly by asking the Supreme Electoral Tribunal to prevent what would amount to a swallowing up of the only "safe" opposition party within the ranks of the larger and more radical PMBD.

The tribunal gave leave on Monday to Sr Inocencio Martires Coelho, Brazil's Attorney-General, to proceed with his case. The leaders of the two parties concerned were asked to defend teh merger before the tribunal within 10 days.

President Joao Figueiredo's senior staff are believed to be working on electoral changes to remedy what they now see as defects or loopholes in the hastily prepared "November package."

It has been hinted that the changes could include allowing state Governors to stand again, the introduction of constituency voting and the expansion of the Chamber of Deputies. Several Government party Deputies have even asked for a postponement of the elections.

Referendum victory for Levesque

By Our Foreign Staff

QUEBEC'S Premier, Mr René Levesque, has won a victory over the militant separatists in his Parti Quebecois. A party spokesman said yesterday, that in a postal ballot 95 per cent of the 143,000 members who returned their ballot papers had supported the Premier's policies.

The relatively good response from a total membership of 292,000 members cuts some of the ground from under the militants. They had hoped for a higher rate of abstention.

Mr Levesque called for the referendum after a party convention in December had disowned two of his main tenets. Those are that Quebec should seek sovereignty only in economic association with the rest of Canada and that a majority of the Quebec electorate must support that objective.

Bolivia strikes illegal

BOLIVIA'S Government has declared illegal a series of strikes in protest at its austerity measures, Reuter reports from La Paz. Miners of the state-owned mining company, Comibol, began a two-day stoppage on Monday. Other workers involved were expected to return to work yesterday.

Argentine prices rise by 11.9%

BY JIMMY BURNS IN BUENOS AIRES

THE UPHILL task facing the Argentine Government in its attempts to reduce the inflation rate substantially by the end of the year was confirmed yesterday by figures released by the Economy Ministry. These showed an 11.9 per cent increase in consumer prices during January.

This was the biggest monthly increase since August 1979 and brought the increase in the consumer price index over the 12 months since January 1981 to 146.8 per cent. That was still far from the hyper-inflation of 500 per cent experienced in 1976, but a deterioration from 1980 when the inflation rate was brought down to 87.6 per cent.

Other figures showed that wholesale prices increased by 14 per cent in January, which brings the yearly increase to 211.6 per cent.

The rise in consumer prices is partly the reflection of exchange rate policy. In December the New Economy Minister, Sr Roberto Alemann, abandoned the split rate policy and brought about an effective devaluation in the commercial rate of the peso.

Consumer prices have also reflected the 11.5 per cent average increase in public service charges in December. Value-added tax on certain consumer goods has been raised similarly.

The main price increases in January were food and beverages (13.6 per cent), telephone and tranport (12.6 per cent) and housing (10.1 per cent). The price of meat has increased by 186.2 per cent in the past year.

Sr Alemann has promised to reduce inflation below 100 per cent in 1982 with strict curbs on money supply and a major trimming of the budget deficit.

Tony Walker, in Peking, asks why the most important politician in China has chosen now to become less prominent

Redoubtable Deng's lack of visibility leaves trail of mysteries

WHY SHOULD the most powerful political figure in China have chosen this moment to become less visible? Has he stepped back under pressure, or is there some other reason?

The mystery of the month-long absence from public view of Deng Xiaoping, China's Communist Party vice-chairman, was only partially solved by statements last weekend by one of his closest allies that Mr Deng was stepping back from front-line duties.

The statement by Wan Li, the most senior of China's dozen or so vice-premiers, raised almost as many questions as it answered. It may be weeks or even months before a fuller explanation is given of the reasons why the redoubtable Mr Deng has either decided himself, or been persuaded by others, to be less prominent.

Things are often not as they seem in China, which is why it is risky to interpret Mr Deng's removal from public view in strictly logical terms. However, if logic is to be applied, then there are several entirely reasonable explanations why he should have decided to step back from frontline duties.

● Mr Deng is now 77 and simply too old for the strenuous round of official duties which has been his lot over the past several years.

● He wishes to be less prominent in public so that his proteges, Hu Yaobang, the Party chairman, and Zhao Ziyang, the Premier, can establish their own leadership identities.

● He wants to devote more time to reforming the Party, which he has clearly established as a top priority.

● He wants to set an example to other aged officials, who are heing persuaded to step aside in the anti-bureaucracy campaign now getting under way.

The above explanations, which are the conventional view among most Western observers in Peking, are difficult to refute. However, the alternative view, espoused by among others, Eastern Bloc diplomats, is that Mr Deng has suffered a setback and fallen foul of powerful figures on the traditional wings of the party and the military, who have told him to pull his horns in.

There is not much evidence to support such a viewpoint, hut it cannot be discounted. Mr Deng's abrasive style is entirely capable of offending influential figures with whom he disagrees in the Party hierarchy. This would not be the first time that he has fallen ont of favour with the more doctrinaire elements in the Party. At the end of the cultural revolution, Mr Deng had to flee for his life to the southern province of Guangdong, where he was given protection by the local military commander.

But those were days of extreme tension. These are calmer times. Among Chinese officials, there has been none of the sense of unease, which was obvious even as recently as late 1980, when the leadership was in the process of removing Hua Guofeng, Mao's protege, from the Party chairmanship.

Chinese officials have been amused by recent speculation in the Western Press about Mr Deng's whereabouts and by suggestions that he may have fallen out of favour. One veteran official pointed out this week that Mr Deng could have been Party chairman if he had so wished (Mr Deng was offered the position in late 1980 in the midst of the power struggle to get rid of Hua Guofeng) and that his decision to step back as an example to others was a further sign of his selflessness.


Deng Xiaoping: China is in for a rocky time if he has suffered a setback

If this is really the case Mr Deng is behaving in uncharacteristic fashion for a senior Chinese official, most of whom, Mao included, have sought to hold onto power until the bitter end.

Of course, another explanation for Mr Wan's curious announcement at the weekend is that the change in Mr Deng's status is largely cosmetic. While he will be seen less in public, he will be just as active behind the scenes, masterminding the process of Party reform and using his authority to neutralise the factional disputes which are never far below the surface of Chinese politics—a role he has performed with singular effectiveness in the past several years.

It is probably fair to say that if it were not for Mr Deng's presence in the Chinese leadership since his rehabilitation in 1977, the post-Mao era of Chinese politics would have been a good deal messier than has been the case. This is why any change in his status, particularly if he has suffered a setback, could have enormous implications for the country's political stability.

Mr Wan's statement gave no clue whether Mr Deng would continue in his positions of Party vice-chairman and chairman of the Military Affairs Commission. However, it is assumed in Peking that he will retain these positions, at least until an important Party congress expected to be held later this year.

Mr Deng said in 1980, around the time he relinquished his position as senior vice-premier in the state apparatus, that he would retire from active politics to become an "adviser" in the mid-1980s. This begs the question of whether this date has been brought forward

If Mr Deng does not relinquish his important party posts, even though he may be seen less in public, then the leadership will have changed very little. But if he does yield these positions, then the change is most significant and open to all sorts of interpretations.

A reduced role for Mr Deng could mean bad news for Hu Yaobang, his protege, elevated to the Party chairmanship in the middle of last year. Mr Hu has not yet put his stamp on the top job in the Communist hierarchy, having remained very much in the shadow of his mentor.

If, as Mr Wan says, Mr Deng remains the "most authoritative and respected leader in our ranks," Then business is likely to continue more or less as normal. The only change in that case would be that Mr Deng would make fewer public appearances and concern himself more with internal party matters, such as getting rid of those from the ranks of the Party whom he has said are "not up to standard." If, however, Mr Deng has suffered a setback, China is in for a rocky time.

WHITE PAPER SHOWS CONCENTRATION ON U.S. AND EEC

Japan's overseas investment soars

BY RICHARD C. HANSON IN TOKYO

JAPANESE overseas investment soared in the six months from April to September last year, the first half of the 1981 fiscal year, to $5.3bn (£2.7bn). This amount already exceeds the record high for a full year set in 1979 fiscal year at $5bn.

The Japan External Trade Organisation (Jetro), in its annual white paper on overseas investment, confirmed that overall investment in the previous 1980 fiscal year, ended March 31, 1981, slumped by 6 per cent from the 1979 record.

The latest report, however, indicates that a trend toward heavier investment in the U.S. and Europe is continuing.

In 1980, investment in the U.S. rose 10.3 per cent to $1.48bn while investment in Western Europe gained 16.8 per cent to $578m. Details of the April-September half will not be available until later this year.

In releasing its White Paper, Jetro commented that during the first half of the current fiscal year the record amount of investments approved reflected an increase in mining and energy resources sectors, which had become sluggish in 1980.

But the tendency towards greater investment in manufacturing in the U.S. and Western Europe is also continuing. Recent investments have favoured television production and semi-conductors as well as machine tools and the motor industry.

Japanese investment in the U.S. in 1980 topped all other regions (31.6 per cent of the total) apparently at the expense of investment in developing countries.

The White Paper cautioned businessmen on the need to emphasise economic co-operation developing states.

Meanwhile, the Economic Planning Agency (EPA) said that at home major Japanese corporations are preparing to step up spending for new plant equipment in the second, April-June, quarter this year after a dull first quarter.

Capital spending is forecast to rise 4.8 per cent in the second quarter on a seasonally adjusted basis, over the first when spending is believed to have fallen 1.1 per cent.

In the October-December quarter spending was up 5.9 per cent. Machinery makers and steel companies will continue to be the most active spenders.

● Japan yesterday signed a general agreement to provide Indonesia with up to Y58bn (£132.7m) in yen credits to help finance 12 different industrial projects, agencies report from Tokyo. The untied loans, to be supplied by the Governmental overseas economic cooperation fund, will be repayable over 30 years at an annual interest rate of 3 per cent.

Poland 'calls off fibre plant deal'

C. ITOH and Teijin said Poland had notified them officially it is cancelling a Y25bn (£57.2m) deal arranged in 1979 to build a polyester fibre manufacturing plant in Poland, Reuter reports from Tokyo.

They said one-third of the necessary equipment and machinery for the project had been already shipped, with about Y8.4bn paid for. The plant was due to start production in 1983.

The cancellation followed the Polish Government's decision to suspend investments in some industrial projects.

The plant, with a planned annual capacity of 40,000 tonnes, had been ordered by Polimex-Cekop, a Polish chemical plant export-import corporation.

Westinghouse proposes link-up

BY OUR TOKYO CORRESPONDENT

WESTINGHOUSE ELECTRIC, of the U.S., has proposed a joint venture with Mitsubishi Metal, Japan's largest copper smelter, to produce strategically important and rare titanium and zirconium metals in the U.S., according to Mitsubishi.

Westinghouse is apparently interested in Mitsubishi's newly developed technology used in producing titanium sponge, a metal needed in aircraft, nuclear power plants, desalination plants and other strategic products.

Last year, Mitsubishi Metal quietly succeeded in a seven-year project to extract natural rutile, a raw material in limited supply in the non-Communist world but which contains 90 per cent titanium, from ilmenite.

The latter contains only 50 per cent titanium but is found in abundant quantities.

Since then, Mitsubishi has been studying whether to locate a titanium sponge plant in Japan or abroad, with cheap supplies or electricity being an important consideration.

Westinghouse last autumn proposed a joint venture in Utah at its zirconium producing subsidiary, Western Zirconium. Mitsubishi currently imports zirconium alloy from Westinghouse for use in making nuclear power equipment.

Mitsubishi said the U.S. side is proposing co-operation in both titanium and zirconium, but that they had not yet decided whether to consider both. Mitsubishi does not make zirconium.

No details of how much titanium might be produced were revealed, though one report said that Westinghouse wanted to produce 6,000 tonnes of sponge per year. Westinghouse declined to comment in Tokyo.

A Westinghouse-Mitsubishi link on producing titanium sponge could have a major impact on the handful of producers which supply the non-Communist world.

Paradoxically, Japan has since the 1950s played an important role in world titanium production, though Japan lacks the raw material to make it.

Maersk plans challenge on Far East routes

BY ANDREW FISHER, SHIPPING CORRESPONDENT

MAERSK LINE of Denmark plans to compete directly with the powerful Far Eastern Freight Conference by starting up its own container shipping service between the UK and the Far East.

The Danish line, part of the A. P. Moeller group, said last November it intended to resign from the FEFC because it could not obtain a large enough cargo share. Also at issue were UK loading rights.

It will start up the new service between Britain and Far Eastern ports when its resignation from the FEFC, which has over 30 members, takes effect June 1.

In doing so, its main rival as an outsider in the FEFC will be Evergreen, the fast-growing Taiwanese line which is planning to order ships. Some East European lines also operate to the Far East.

The new service will extend Maersk's container link between Continental Europe and such Asian ports as Hong Kong, Singapore, Keelung, Tokyo and Kobe.

Feeder services will link the UK ports, still to be chosen, with those on Europe's mainland.

Maersk, which has been expanding its fleet, came fairly late to the container scene but has developed a high-speed fortnightly service between Europe and the Far East.

As well as expanding its London agency, Maersk Company, it will also open new UK regional offices, initially in Birmingham and Leeds, as the service gets under way.

Maersk wanted an annual westbound cargo share of 800,000 tons from the FEFC, one of many international conference groupings which agree rates among members on scheduled liner routes.

This compared with its existing level of 350,000 tons. Both Maersk and the FEFC yielded some ground, but the gap was still too large to prevent the Danish line from persisting with its resignation in the middle of this year.

Synthetic petrol plant for New Zealand

By Dai Hayward in Wellington

NEW ZEALAND is to have the world's first synthetic petrol plant producing automobile fuel from natural gas through a process invented by Mobil of the U.S.

Mobil and the New Zealand Government will sign the final contract to construct the NZ$1.8bn (£775m) plant on Friday. Construction of the huge, 75 hectare processing plant near Taranaki will start this summer. Construction will be completed by mid-1985 and production will begin later that year.

The plant will provide about one-third of New Zealand's petrol requirements.

The Mobil process has not previously been developed in commercial production. To date it has only been used as a small pilot plant in New Jersey, but Mobil and the New Zealand liquid fuels trust board are confident the process can be successfully adapted for commercial use.

The process turns natural gas into synthetic petrol in two stages.

The natural gas, which will come from the Maui gas field is first turned into methanol using a proven technology already being implemented at New Zealand's methanol plant.

To make synthetic petrol the methanol is then passed through a catalyst composed of silicone, aluminium and oxygen.

For every 100 tonnes of methanol the process produces 44 tonnes of synthetic petrol.

A New Zealand Government official said recently that if the Mobil project proves to be economic it will be the first major constraint on the powers of the Opec cartel.

Increased activity at South Wales ports

Record scrap metal exports and a revival in the Welsh coal and coke trade produced a sharp increase in activity at the British Transport Docks Board's South Wales ports last year, writes Robin Reeves in Cardiff. Total trade through the five ports—Newport, Cardiff, Barry, Swansea and Port Talbot—amounted to 14.9m tonnes in 1981, an increase of 2.39m tonnes over the previous year.

Brazil raises $1.2bn in loans from France

BY ANDREW WHITLEY IN RIO DE JANEIRO

FINANCIAL institutions in France have agreed to provide Brazil with the equivalent of more than $1.2bn (£631m) in fresh supplier credits and loans. The finance, to be provided by the French Government and banking groups, is being provided to support a number of export contracts that have yet to be finalised.

Full details of the financing package emerged this week following the return to Brazil from France of Professor Antonio Delfim Netto, the Planning Minister.

The three days of talks in Paris last week were described as "difficult" but Professor Netto said it was a "good agreement."

Out of the total sum raised, $564m represents low interest supplier credits and loans guaranteed by the French government. The remaining $670m will be made up of syndicated loans to be raised by seven banks.

The low interest loans provided by the state come in two parts: $336.5m over 20 years at 3.5 per cent interest, and $227.5m over 16 years at 7.75 per cent.

Banque de l'Union Europeene leads a syndicate with the Banque National de Paris and Credit Commercial to provide the equivalent of $175m towards the purchase of four chemical-carrying ships from the Le Havre and Dunkerque Shipyards.

The other major banks involved in the negotiations—considered difficult in view of the Brazilian insistence on a high ratio of loans to equipment-related supplier credits—were Societe Generale, Credit Lyonnais, Banque de l'Indochine and Paribas.

The main consequence of the agreement is likely to be the further strengthening of the French position in Brazil's major hydroelectric power programme.

French heavy engineering concerns are already deeply involved in the Tucurui dam and the Lex (Uranium fluoride) project in the Amazon, one of the world's largest schemes and financing has now been supplied for the provision of equipment to three other smaller projects.

Professor Neto

Soviet pipeline order may go to Scotland

BY MARK MEREDITH IN EDINBURGH

THE SCOTTISH-based subsidiary of Daniel Industries of Houston, Texas is hoping to win a $47m (£25.2m) contract to supply equipment for the Soviet Union's natural gas pipeline to Western Europe.

The company said it had received a letter of intent from the Soviet side for the supply of gas-flow measuring equipment. An official confirmed that the devices would be for use on the 5,500 km pipeline.

He added that representatives of Daniel Industries were investigating if the contract would be affected by the U.S. sanctions placed against the Soviet Union because of Moscow's role in the imposition of martial law in Poland.

Another Scottish-based company, John Brown Engineering of Clydebank, won a contract to supply 21 gas turbines for the compressor stations along the pipeline.

Possibly anticipating scrutiny under the U.S. embargo the Daniel Industries statement said that the contract would be supplied using only British and European raw materials, specifications and technology.

The announcement said the contract was subject to negotiations and execution of a definitive agreement and to government regulations and trade restrictions.

Algeria-Spain gas pipe 'is feasible'

By Robert Graham in Madrid

THE PROJECT to run an undersea gas pipeline from Algeria to the Spanish coast is feasible, according to a technical study just completed by Bechtel of the U.S.

However, a study cautions that further work is needed to consider the correct pipe diameter and techniques of deep water pipe repair and jointing.

The study was commissioned by Enagas, the Spanish state gas concern, Sonatrach of Algeria and Gaz de France.

The project envisages a pipe running some 200 km from the Algerian coast at Arzew to Almeria, crossing seabed depths of up to 2,160 metres.

At present Spain's gas from Algeria is delivered by tanker. The idea of a pipe running through Moroccan territory and then making the short crossing via the Straits of Gibraltar was ruled out largely because the Algerians had no wish to rely on a pipe that touched Moroccan territory.

The study was completed as Spain began tentative contacts with the Soviet Union for gas supplies via the proposed European pipeline. One of the reasons for seeking Soviet gas is to be less dependent on Algerian supplies.

Irish investment plan

BY OUR WORLD TRADE STAFF

THE CMI Corporation of Oklahoma has become the latest U.S. company to announce plans for a major manufacturing investment in Ireland.

CMI will invest Ir£13m (£10.5m) by taking over a factory at Carrycastle, Athlone, where it will make oil drilling components, road construction and maintenance equipment.

Ireland's Industrial Development Authority said that CMI is to take over the Athlone subsidiary of Gulf and Western, a 100-employee business that produces components for machine presses. CMI says it will retain all employees of Gulf and Western and expects to add 650 jobs over the next five years.

UK NEWS

Industry to be offered electricity price cuts

By Martin Dickson, Energy Correspondent

THE ELECTRICITY supply industry yesterday revealed plans to offer large industrial power consumers greater opportunities for price discounts. But it rejected calls for a fundamental shake-up in its tariff structure.

These are two of the main conclusions of the industry's long awaited review of the bulk supply tariff BST — the wholesale price of electricity supplied by the Central Electricity Generating Board to area boards, which then retail it.

The review was ordered by the Government more than 18 months ago amid mounting protest by large industrial consumers that UK charges were much higher than those on the Continent.

The final report, presented to the Department of Energy last month and published yesterday, is expected to be attacked by industry as a case of "too little, too late."

Rejecting proposals for alternative cost structures, the review says the BST should continue to be based on the principle of long run marginal cost. But it proposes minor modifications in the present system which would mean a reduction of about 1 per cent in the costs of large users.

In addition, it proposes a widening of the scope of the present system of "load management" for large consumers. Load management involves giving industrial users discounts if they agree to reduce their power load at peak demand times.

The new load management system would offer large uses supplies at short run marginal cost, provided they met certain stringent conditions. It could cut companies' bills by between 1 per cent and 10 per cent, depending on their present supply conditions.

However, the review says that to introduced the new system the board would need a relaxation of its government—imposed external financial limit—the amount it can borrow in any one year. The Department of Energy is still considering its response to the document.

The report rejects the idea of having tariffs generally on a short run marginal cost basis, saying this would involve a loss of about 16 per cent of its revenue—about £1.2bn this year.

Defence spending to be reappraised

BY PETER RIDDELL, POLITICAL EDITOR

MR LEON BRITTAN, Chief Secretary to the Treasury, is taking another look at the possibility of introducing some flexibility in defence spending between one financial year and the next. This was revealed yesterday by Mrs Thatcher during Prime Minister's Questions in the Commons.

No decision has been taken but the Ministry of Defence hopes to win agreement to permit some limited roll over of expenditure between years. It believes the point of principle has been recognised by the Prime Minister though the Treasury is reluctant to agree in detail because of the implications for other departments' budgets.

The problem has arisen because with the defence procurement budget of about £6bn and hundreds of programmes it is difficult to allocate money precisely to one financial year. There is always the risk that small changes in the timing of completion of contracts will mean expenditure shifts between years. This can result either in underspending or overspending of a few hundred million pounds.

One proposal being considered is that the defence budgets for 1982-83 and 1983-84 will be grouped together as a single cash block and that the Ministry of Defence will be allowed a limited margin of flexibility between the two years. Mr John Nott, the Defence Secretary, is believed to be calling for a margin of 10 per cent, although he will probably have to be satisfied with a margin of 5 per cent or less.

The Ministry of Defence is hopeful, partly because it believes spending will be more or less in line with planned levels in the current financial year and there is the possibility of underspending in future years.

Its argument is that the overspending of the last two years is exceptional and could not have been avoided because the recession resulted in contracts being brought forward. This will not be repeated and could be reversed as the economy picks up. This argument about flexibility is regarded as of crucial importance within the Ministry of Defence, which has been debating the issue with the Treasury for three years.

The discussions on introducing a limited amount of flexibility is part of a wider debate between the two departments about the implications of the introduction of cash planning for expenditure in the coming financial year. This has replaced the former planning in constant price volume terms.

The Ministry of Defence argued that cash planning involves an underestimate by the Treasury of the likely change in the cost of defence equipment which will in practice be experienced by the department. This may result in a squeeze where an insufficient allowance for such cost changes will mean a reduction in the volume of expenditure below desired levels.

The Treasury's view is that the Ministry of Defence should take a tighter control over the relative cost of its equipment and tighten up its specifications, thus squeezing its suppliers.

Midlands employers say strong pound is making slump worse

BY OUR MIDLANDS CORRESPONDENT

MIDLANDS industrialists warned yesterday that the recent strength of sterling posed a threat to exports.

Companies forced to find new overseas markets by the recession now found those markets endangered by the appreciation of the pound against European currencies, said the West Midlands region of the Confederation of British Industry.

Mr Chris Walliker, the regional chairman, said companies complained of "crippled" profit margins and the difficulty of keeping overseas business.

He said one company was to make 50 workers redundant because it could not afford to continue supplying exports at a loss.

Mr Walliker said a few companies reported "a tickle of an upturn in orders," but it was by no means general. "We do not see any end to the recession yet."

Companies were operating at only 70 per cent of a reduced capacity, capital investment showed no sign of a take-off, manning levels were still being reduced and there was no pressure on wages.

Research by the CBI confirmed an unpublished survey by West Midlands engineering employers that about one in five companies had given no annual pay award or had deferred the settlement date.

That pattern was true across the region and in all industries. Seven out of 10 companies had implemented pay settlements of less than 6 per cent.

Mr Walliker said the pace of redundancies had tailed off, but that unemployment would continue to rise and there was little or no new recruitment.

Mr Steve Rankin, West Midlands director of the CBI, added that several companies said they had slimmed to the point where they could go no further "without destroying the fundamental viability of their operations."

He said: "We are still looking to a period where the weaker competitors will go out of business. The industrial shake-out still has some way to go."

Mr Walliker said Midlands industry thought any recovery would be very slow. The main concern was with the short term, and strong representations would be made for a Budget that offered relief to industry.

Some stimulus to the economy was also essential through new public sector investment.

"We are not looking for a consumer-led boom or a new Channel Tunnel. All we ask is for the Government to launch a simple programme of asset replacement and maintenance," Mr Walliker said.

Koreans launch Pony in Britain

By Kenneth Gooding, Motor Industry Correspondent

KOREAN cars make their debut in the UK today when the Hyundai Pony takes to the road.

Almost 100 dealers have been appointed by the distributor, International Motors. They are expected to sell about 5,000 Ponies this year, making Britain Hyundai's best export market.

This would help to balance the £130m the three biggest Hyundai companies have spent together on UK products in the past three years.

More than £32m of UK products went into the development and tooling for the Pony in 1975.

The 12 versions of the rear-drive Pony cost from £3,177 to £4,261. A three-door hatchback and four-door saloon are offered with either a 1.2 litre, 54 bhp, or a 1.4 litre, 67 bhp engine built under licence from Mitsubishi of Japan.

Vehicle output lower

CAR OUTPUT last month fell to 73,000 on a seasonally-adjusted basis, according to provisional Industry Department figures. The estimates show a 9,000 drop compared with December, although there has been an improvement on the 66,000 cars produced in January, 1981.

Commercial vehicle production slipped back again in January. Output was 18,300 compared with 22,400 in December and 18,700 in January last year.

Homes fund raised

The Abbey National Building Society has increased its mortgage funds allocation for Wales by £20m. A total of £100m is being set aside for house purchase, improvement and renovation in 1982.

The society will be encouraging investment especially in Housing Action Areas. Almost half of Wales' housing stock was built before 1919 and last year there was a sharper drop in new homes starts than elsewhere, the society said yesterday.

Textile merger

THE CLOTHING Industry Productivity and Resources Agency has merged with the clothing division of Wira, the Wool Industry Research Association.

The new body, the British Clothing Industry Productivity and Technology Centre, will be based in Leeds. Its chairman will be Mr Lewis Goodman, chairman of Cipra and a director of the Vantona group. Chief executive is Mr Martin Frankel.

Bakery to close

RANK Hovis McDougall will close the Oxford Mother's Pride bakery in May, with the loss of 200 jobs. The company says the bakery is running at a loss. Only 25 of those made redundant will be found new jobs.

Marconi to get £40m Sea Wolf contract

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE MARCONI company is to be awarded a multi-million pound contract to provide tracking and surveillance radar for the improved Sea Wolf missile in service with the Royal Navy.

The contract, probably amounting to more than £40m, has been won in the face of stiff competition from a rival consortium headed by British Aerospace Dynamics and the Dutch Electronics company, Hollandse Signaal Apparaten, according to the Ministry of Defence.

Mr John Nott, the Defence Secretary, announced in a Commons written reply yesterday that orders totalling £75m for development work and production of the new lightweight Sea Wolf would soon be placed. While Marconi will take the major slice of the orders British Aerospace which makes the missiles, and Vickers the manufacturer of the launchers are also expected to benefit.

The order comes only weeks after the Ministry of Defence cancelled its fifth and final order for surveillance radar for the earlier version of Sea Wolf. This will result in 750 redundancies at Marconi plants at Gateshead and Chelmsford.

The company said yesterday that the new contract will not mean these jobs can be reinstated, but it should mean more will be lost in the radar field.

The improved Sea Wolf has fundamentally the same missiles and launchers as the earlier version. The Ministry said last night that the Marconi 805 SW lightweight tracking radar now to be installed would enable the improved Sea Wolf system "to keep pace with the expected growth in the threat from very low trajectory missiles."

● CHEVALINE, Britain's new £1bn strategic nuclear deterrent, has successfully completed its latest series of test firings from the Polaris submarine Renown, David Fishlock writes.

Senior defence officials said yesterday that tests off Cape Canaveral had been 100 per cent satisfactory.

Plans to deploy Chevaline last year were delayed by the limited success of a series of test firings late in 1980.

Chevaline is the spacecraft forming a new front end for Britain's Polaris missiles.

Instead of the three nuclear warheads of Polaris, it has a mixture of warheads capable of being independently manoeuvred in space, and a large number of simulated warheads designed to confuse enemy radar systems.

The Atomic Weapons Research Establishment at Aldermaston developed the warheads and so-called penetration aids. But three other defence companies and four major defence contractors helped to develop the complex Chevaline spacecraft.

Companies pledged £80m

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

LOANS of more than £80m have been promised by clearing banks and other financial institutions to small business, under the Government's loan guarantee scheme, introduced in June.

This means the fast rate of approval which built up towards the end of last year is continuing.

A £100m ceiling set by the Government is likely to be reached within the next few weeks, at which point a third £50m tranche provisionally set aside will be authorised.

More applications were received for loans in January than in any previous month. Approvals were granted by the Industry Department for 502 loans worth £17.3m, of which 250 worth £7.8m were for new businesses.

By the end of the month the total since June had reached 2,325 loans for £80.1m. Nearly half of the total was for manufacturing industry—1,127 loans worth £43.3m.

Competition between financial institutions was sharpened last month when National Westminster reduced its interest rate to 1½ per cent above base, making it the lowest of the main clearers. The Co-operative Bank remains the lowest at 1¼ per cent.

Mr John Macgregor, junior Minister at the Industry Department yesterday: "These are very encouraging figures which show a healthy growth in the small firms sector."

Trident TV a step nearer relaunch of casinos

BY DUNCAN CAMPBELL-SMITH

TRIDENT TELEVISION's hopes of rescuing the threatened gaming operations of the former Playboy casino empire have been boosted.

The Gaming Board has granted the company Certificates of Consent to seek fresh operating licences for the Playboy and Clermont casinos, which Trident acquired along with the Victoria and two provincial casinos from Playboy for £14.6m in December.

Court appeals by Playboy and the Clermont against closure were to have been heard on February 15. Trident last night said it would abandon the appeals. The two casinos, therefore, will discontinue their gaming operations after February 15, although their other facilities will stay open.

In place of the appeals, Trident has used its Certificates of Consent to apply for licences to begin gaming operations anew this summer. Its applications will be heard by the licencing justices in May.

Meanwhile, the Gaming Board has indicated that it will withdraw its objections to the renewal of licences for the Victoria and the casinos in Portsmouth and Manchester.

Trident's ability to obtain clearance from the Gaming Board and licencing authorities for the continuation of its newly-acquired gaming business has been the subject of speculation since the deal with Playboy was announced in November.

The three London casinos earned £16m pre-tax in the year to last June and had been the mainstay of Playboy's worldwide profits.

The licencing justices upheld Gaming Board and police objections to the operations of the Playboy and Clermont in October, precipitating the sale of all three. Mr Ward Thomas, Trident's chairman, described the takeover then as "a big gamble."

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Bank	14 %
American Express Bk.	14 %
Amro Bank	14 %
Henry Ansbacher	14 %
Arbuthnot Latham	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
BCCI	14 %
Bank Hapoalim BM	14 %
Bank Leumi (UK) plc	14 %
Bank of Cyprus	14 %
Bank Street Sec. Ltd.	15½%
Bank of N.S.W.	14 %
Banque Belge Ltd.	14½%
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Beneficial Trust Ltd.	15 %
Bremar Holdings Ltd.	15 %
Bristol & West Invest.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14½%
Canada Perm't Trust	14½%
Castle Court Trust Ltd.	14½%
Cavendish G'ty T'st Ltd.	15½%
Cayzer Ltd.	14½%
Cedar Holdings	14 %
■ Charterhouse Japhet	14½%
Choulartons	14½%
Citibank Savings	¶14 %
Clydesdale Bank	14 %
C. E. Coates	14½%
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
E.T. Trust	14 %
Exeter Trust Ltd.	15 %
First Nat. Fin. Corp.	17 %
First Nat. Secs. Ltd.	17 %
Robert Fraser	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
Heritable & Gen. Trust	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Hongkong & Shanghai	14 %
Knowsley & Co. Ltd.	14½%
Lloyds Bank	14 %
Mallinhall Limited	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Roxburghe Guarantee	14½%
E. S. Schwab	14 %
Slavenburg's Bank	14 %
Standard Chartered	‖14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
TCB Ltd.	14 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Wintrust Secs. Ltd.	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.50%, 1-month 11.75%. Short term £8,000/12 month 14.10%.
† 7-day deposits on sums of:—under £10,000 11½%, £10,000 up to £50,000 12¼%, £50,000 and over 12¾%.
‡ Call deposits £1,000 and over 11½%.
‖ 21-day deposits over £1,000 13%.
§ Demand deposits 12%.
¶ Mortgage base rate.

Call for levy to support musical arts

By Jason Crisp

THE RECORD industry has proposed that a trust be set up to develop British musical arts. It would be funded by a levy on blank audio cassettes and recording equipment.

The British Phonographic Industry, which represents most record manufacturers, proposed this week that at least one third of a home taping levy should be used to finance a Music Development Trust Fund.

Calls for a levy on blank cassettes and equipment from both the record and video industries were rejected last year by the Government in a Green Paper on copyright. The BPI believes the record industry is losing £200m a year through home taping. A levy to compensate it fully would double the price of a cassette.

The proposed fund would be used to promote music for minority tastes, particularly classical music where there has been a cut in new recordings. The BPI told an all-party meeting of MPs this week that the fund would be used to make recordings of music which would not otherwise be recorded by the commercial companies.

Mr John Morton, general secretary of the Musicians Union, also said there would be a ceiling on payments from the fund to any one artist or composer in a year.

The Government objected to a levy on tapes because it would be inflationary and would be avoided easily by mail ordering from abroad or by selling "recorded" tapes of trivia which could be re-used.

Bank launches petrol card scheme

BY WILLIAM HALL

CLYDESDALE BANK and BP Oil have launched an experimental scheme enabling the bank's customers to pay for petrol with a plastic card. This eliminates paperwork completely and debits the customer's bank account directly.

The scheme is called "Counterplus" and will run for a trial six-month period at two BP stations in Aberdeen. The bank says it is the first time in the UK that a point of sale terminal, as opposed to a cash dispenser, has been linked directly and instantaneously to a bank.

A customer paying by this method hands his Autobank card (which can also be used in the bank's cash dispenser) to a cashier who inserts it in a terminal. The customer then checks the value of the transaction on a small screen and enters his personal identification number (PIN code).

Within four seconds the Clydesdale's computer authorises the transaction and the amount will be debited from the customer's account within two days. It could be done instantly if required. The petrol station receives payment the day after the transaction is initiated.

The initial experiment is on a relatively small scale, but Chris Ensor of BP Oil says that within five years, most of Britain's 10,000 prime service stations will be using similar systems.

The significance of the move goes far beyond its use in petrol stations since the system can easily be reshaped to operate in other retail locations such as supermarkets and department stores.

It also means that it would be possible for petrol stations to dispense cash, if necessary, and duplicate many of the services offered by a conventional bank branch. There are no plans to do so, however.

Clydesdale Bank, which is the smallest of the Scottish clearing banks but the most advanced UK bank in this field, says the cost of installing the system in a petrol station is about £3,000—less than the cost of a new petrol pump.

The system has several advantages. It eliminates the use of cheques which are costly to process, and is much simpler than credit card transactions which involve considerable paperwork.

Finally, the system is far more secure, since authorisation is given by a computer rather than a cashier checking a customer's signature.

This last point is very important since credit card fraud is costing the credit card companies, such as Access and Barclaycard, several million pounds a year.

Sharp rise in robot workforce

By Hazel Duffy, Industrial Correspondent

BRITAIN'S ROBOT population will be about 10,000 in 10 years' time, equalling the number of robots installed today in Japanese industry, Mr Tom Brock, executive secretary of the British Robot Association, said yesterday.

He said robot investment grew sharply in British industry last year from a low level. By 1983 the UK could have 2,000 robots.

The BRA says more than £20m was invested in robot systems in 1981 in the UK, bringing the total installations to 713. This places the UK fifth in the international league, which is headed by Japan with 10,000.

British-built robots are increasing their share of the expanding home market, accounting for 30 per cent of total applications. Japanese-built robots have increased their share of the UK market from 4 per cent in 1980 to 12 per cent in 1981.

The Government has set aside £10m over the next three years to support the manufacture and application of robots.

But Mr Peter Davey, coordinator of the robotic research programme at the Science and Engineering Research Council, warned that it is crucial to plan now for the future.

He told a conference organised by the BRA that a lack of trained engineers or lack of fundamental understanding of system design principles could weaken industry's enthusiasm for automation.

Valentines fetch good prices

SALEROOM

BY ANTONY THORNCROFT

VICTORIAN and Edwardian valentines fetched good prices at Sotheby's yesterday. With some lack of imagination, the saleroom gathered together numerous valentines in each lot making them suitable purchases for bigamists. A collection of seven from the early 20th century sold for £140; 32 dating from 1860 onwards made £130; another seven £110; and five of the 1860s, all addressed to a Miss Cooke, realised £95.

An extensive collection of manuscripts relating to English lotteries between 1681 and 1826 was bought by a Swiss bidder for £2,000 and Traylen the dealer paid a similar sum for Loyal Volunteers, 86 plates by Rowlandson of infantry and cavalry uniforms of the late 18th century.

BA likely to be advised to reorganise

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A MAJOR capital reorganisation of British Airways is expected to be recommended in the report on the airline's financial situation being prepared by Price Waterhouse, the chartered accountants.

The report is expected to be completed by the end of this month, and to be studied by the British Airways board early in March, before going to the Government, primarily the Department of Trade but also probably to the Treasury.

Last year, to March 31, the airline lost £141m, pre-tax, and it is expected to lose more than £100m in this financial year.

Although the airline is budgeting for a profit in 1982-83, this depends entirely on the success of its retrenchment programme, especially getting staff numbers down by about 9,000 to 43,000, and on some improvement in the world air travel market.

Some of the airline's top managers believe further staff cuts may become necessary if the retrenchment programme does not work, reducing the payroll to well below 43,000.

The Government is taking a particular interest in the Price Waterhouse study as it is likely to base its plans for an eventual share sale to private investors largely on the study's suggestions for a capital reorganisation.

Mr Iain Sproat, Parliamentary Under Secretary for Trade, made it clear recently that "privatisation" of British Airways remains a prime objective of government policy.

Plans for N. Ireland assembly go to Prime Minister

BY MARGARET VAN HATTEM, POLITICAL STAFF

PLANS for devolved government in Northern Ireland are being sent to the Prime Minister and senior Cabinet colleagues this week.

They effectively put the onus on the Unionists to do a deal on sharing power with the Catholics to trigger any transfer of power from Westminster.

Mr James Prior, the Northern Ireland Secretary and his team of ministers and officials, yesterday put the finishing touches to a paper outlining his proposals to set up an assembly in the province later this year.

The plan is considered more likely to win approval from Cabinet than from Ulster's political leaders. While the four main parties are all committed to devolution on their own terms, on the crunch issue of sharing power they remain outwardly as far apart as ever.

The deliberate circumspection of Mr Prior's plan on this central issue has aroused suspicion on all sides.

If Mr Prior started out with the belief that he could force the pace of devolution by setting up an "unboycottable" framework, appointing a power-sharing executive and slotting in Westminster MPs if Ulster politicians refused to take part, he no longer entertains such thoughts.

Instead, he has opted for an executive firmly rooted in what is bound to be a Unionist-dominated assembly. The catch is that the assembly will be unable to set up the executive, and the executive will be unable to function, without the support of a majority so defined as to insure the support of the Catholic minority.

Mr Prior is determined to define this majority in a way that requires the support of the Social Democrat and Labour Party, which may win less than 20 per cent of the seats. At the same time he wants to withhold a veto from the Rev Ian Paisley's Democratic Unionists, who could win more than 30 per cent.

An overtly sectarian definition is out of the question. So he has proposed a guideline, requiring 70 per cent support for major decisions, subject to the discretion of the Secretary of State, and a clause specifying that such decisions would require the support of the whole community.

Devolution would begin this autumn with elections for a 78-seat assembly, with departmental committees similar to Westminster's select committees. But it would remain essentially a talking shop until the requisite majority agreed which powers should be transferred from Westminster and who should hold the portfolio.

Thereafter, the assembly would operate by a simple 50 per cent majority except on votes of confidence where the weighted majority would be needed.

Mr Prior evidently hopes the bait of power will, sooner or later, tempt the Catholics and Unionists to work out a deal on sharing portfolios. But the reaction from Ulster has been predictably sour.

Mr Paisley, who has only recently been brought into the discussions, is reserving his position. The Official Unionist Party is deeply split on the question of devolution and even its enthusiasts remain committed to simple majority rule, with the Catholics relegated to a role in committees.

The SDLP sees no hope of a place on the executive as long as the decision rests with the Unionists. They might be prepared to forego this if real power were transferred to the recently-established Anglo-Irish Council. They are pressing for the establishment of a parliamentary tier, to which would be devolved limited powers over security, protection of the nationalist identity in Northern Ireland, and civil rights. But so far Mr Prior has shown little enthusiasm for the suggestion.

At this stage he could still pull out and drop all thoughts of devolution. But this option is rapidly disappearing. In any case he appears disinclined to take the protests of Ulster politicians at face value.

Detailed proposals are likely to go to Cabinet later this month or early next month, followed by legislation in the spring. All parties are likely to contest the elections, provided they consider the proposals give them enough to campaign on, though some might decide thereafter to stay away from the assembly. But the machinery of devolution would then be in place and the responsibility for any failure to activate it would be largely transferred from Westminster to Stormont.

In this restricted aim Mr Prior would appear to have an even chance of success.

Norwich loses court battle over council house sales

FINANCIAL TIMES REPORTER

NORWICH City Council's renewed attempt to stop a Whitehall takeover of council house sales was dismissed by the Court of Appeal yesterday.

The court ruled that Mr Michael Heseltine, the Environment Secretary, bad acted properly within his powers in deciding to take control of the Labour controlled council's "homes for sale" duties after accusing the authority of dragging its feet.

Lord Denning said the council was responsible for the "intolerable delay" met hy some tenants seeking to buy their bomes.

The council was misguided and had to answer for it.

Under the 1980 Housing Act, a local authority was under a duty to process sales to tenants effectively and expeditiously, said Lord Denning.

The Environment Secretary was concerned to see that a council did its duty in that regard and had power to intervene if it did not.

The court's first concern was to protect the individual from the misuse or ahuse of power by those in authority, said Lord Denning.

In this case, the individual was the tenant, to whom parliament had given the right to buy the house in which he or she lived.

The council had been badly advised in refusing to use the district valuer to price properties, which would have speeded things up. It was also badly advised on the scale of maps to be used in conveyancing property.

The Environment Secretary had given the council every opportunity to mend its ways and ample notice of what was alleged against it, he said.

The council was ordered to pay the costs of the High Court and Appeal Court proceedings, estimated at £20,000.

The judges refused the council leave to appeal to the House of Lords, although it is still open to the council to seek leave from the Law Lords.

Mr David Ennals, Labour MP for Norwich North, said: "I am naturally disappointed with the result. It struck me as very significant that the judges should describe Mr Heseltine's powers as Draconian. It is oppressive legislation, undermining local democracy."

Mr Heseltine's department said it was premature to ask if the minister might deride to hold hack from intervening if the council speeded up sales.

TWO LONDON horoughs—Hackney and Camden—were given leave in the High Court in London yesterday to apply for orders compelling Mr Heseltine to hand over almost £6m, "wrongly" withheld by him from last year's rate support grant.

Mr Charles George, for the councils, told Mr Justice Glidewell, sitting in the Queen's Bench Divisional Court, that, despite last October's High Court ruling, that the Minister bad acted unlawfully in cutting rate support grants for six London horoughs, the money was still being withheld.

As a result, said Mr George, the councils were facing "severe difficulties" in fixing the rate for the coming year. Counsel said Mr Heseltine was arguing that he could still lawfully withhold the money and was entitled to "claw back" some or all of the grant.

The judge said he hoped the full hearing of the case could take place in early March, in time for rate fixing.

Mr Heseltine was not represented at the hearing.

Hesketh 'superbike' goes on sale

By John Griffiths

THE HESKETH V1000 motorcycle went on sale yesterday. The 43-strong UK dealer network bas orders for 250 of the machines, which retail at £4,495.

Output at the Daventry factory where they are assembled is scheduled to rise to 2,000 a year by April. About 60 per cent of production is expected to be exported.

Distribution arrangements have been made in a number of European markets and in Australia and Canada. But sales to the all-important U.S. market will not start until late summer.

The 130 mph "superbike" is arriving on the market nearly six months late. The planned launch last August was postponed when various engineering aspects of the bike were criticised.

City investors have put £1.8m into Hesketh Motorcycles, which was founded by Lord Alexander Hesketh. It reported total development-phase losses of £923,000 to the 18 months to September of last year.

The company's shares are traded on the unlisted securities market and by the end of last year bad sunk to 35p from the 1980 offer price of 80p. But with sales getting under way, they bave climbed back up to 54p.

Knitwear industry bounces back

Anthony Moreton finds signs of recovery in the East Midlands

THE ENGLISH knitwear industry is in a remarkably buoyant state considering that it has just emerged from the worst two years in its history.

Many other sectors such as machine tools, steel and cars are deeply bogged down in the recession but knitwear manufacturers, concentrated in the 30 miles between Leicester and Mansfield, are working near to capacity.

It has been estimated that only about one company in 20 is now experiencing short-time working compared with almost half the industry last spring and summer.

Many concerns are operating in the same way as Towles, a Loughborough knitwear maker whose pullovers and children's clothes go to Marks and Spencer, British Home Stores, Littlewoods and other leading chain stores and mail order companies.

Towles is working round the clock five days a week in parts of the factory. Elsewhere it has a full day shift and a part-time evening shift to make up a 14-hour working day.

Mr W. H. Towle, the company's chairman says: "There has been a noticeable improvement in orders in the past six or seven weeks. You could almost say that the big outlets have been beating a path to our door in the last few weeks.

"The pick-up began just before Christmas and we now have orders which will take us through to next Christmas.

"The situation is so different to a year ago. Then, we were wondering bow long we could hang on."

The same sentiments are expressed elsewhere in this sector of the garments industry. Mr Brian McMeekin, the managing director of Pretty Polly, at Sutton-in-Ashfield, which is part of the Thomas Tilling conglomerate, says that the company is turning out tights and pantie-hose on a three-shift system.

"We are going full steam, but there is a price to be paid for this. Our margins have been squeezed badly and any profit that we are making leaves very little available for essential depreciation.

"In this industry you have to put in new machinery continuously to stay profitable. We have a production unit, employing 600, in Killarney, Ireland. That factory was opened only in 1967 and we have already re-equipped it four times.

"If we did not do this then cheap imports from Italy, aided by the strength of sterling against the lira, would eat into the bottom of the market and undermine our position.

"We spend £2m a year on depreciation and have some of the most modern machinery in the world. But spending that amount is not easy when margins are so tight. We have only been able to keep putting in new machinery by becoming increasingly more productive.

"Our productivity has gone up by something like 11 per cent a year for the past few years."

New machinery and a slimmed-down workforce are two of the essential ingredients which have helped the industry to weather the depression. The English knitwear industry — the other main centre of the industry is in Scotland, especially in Hawick and the Borders —now employs about 62,000 workers. The whole industry has about 92,000 compared with 120,000 three years ago.

Courtaulds Knitwear is typical of concerns which have had to rationalise. Mr Ken Randle, its deputy chairman, says: "Back in 1979, we employed about 11,400 people in the group. Now we employ about 10,000.

"We have to shut about nine factories to get over the hump and we have one here in Nottingham for which we have still to find a buyer.

"But as a result of this pruning we are down to what is the bedrock of the company."

Like Towles and Pretty Polly, Mr Randle is worried about margins. "They have been badly squeezed in the past three to four years, though they are a little better now," he says.

He foresees serious problems for some producers in the East Midlands, but like Mr Derek Birch, joint managing director of Klynton Davis of Nottingham and president of the Knitting Industries' Federation, he believes that order books for the autumn/winter season are better than for some years.

Mr Birch considers that the improvement has come about through better marketing, a more favourable exchange rate for sterling and more emphasis on exports.

The English side of the industry has never been strong on exports unlike the Scots. But with a flatter home market it has begun to look to the richer and larger European markets, such as France and West Germany, for outlets to supplement its relative strength in Scandinavia.

Exports of knitted products to Germany, for instance, almost doubled between 1978 and 1980 to £48.7m. Total overseas sales of hosiery and knitwear (at constant 1975 prices) rose from £114.1m in 1975 to £168.7m in 1980.

The other factor helping the industry is the rebuilding of stocks which is taking place. The knitting side of the industry particularly, has to produce year round sales which are concentrated heavily between October and April.

To meet this seasonal peak it needs to produce for stock.

Pub character changing says Egon Ronay

BY ALAN FORREST

THE BRITISH pub is changing rapidly to cope with the increasingly competitive travel and leisure market, says Mr Egon Ronay, Britain's top publisher of good food guides.

In his introduction to the 1982 Bulmer Pub Guide, published yesterday, he gives examples of how the traditional pub is going up market.

- The emergence of family pubs, with rooms with games for children: He has found 389 pubs offering these facilities.
- The readier acceptance of credit cards, which means that the transformation of "drinking men's bars into informal restaurants is well and truly on the way."
- Better and cleaner bedrooms with modern bedside lighting in pubs that take guests. Nylon sheets are giving way to good cotton bed linen.
- Properly laid tables with improved waitress service, which "always goes hand in hand with higher food standards."

But he believes that many pubs are losing out by confining their food service to lunchtimes. "An enormous market of dinner customers is there to be tapped."

Mr Ronay regrets that bar food in English pubs is not more traditionally English. "What is more appropriate in the bar of a pub than a properly presented joint of underdone roast beef, or a decent chunk or two of English cheese with good bread?"

The guide covers 1,000 inspected and selected British pubs and is sponsored by cider maker Bulmer.

Egon Ronay's 1982 Bulmer Pub Guide, Egon Ronay Organisation, £2.95.

GLC deputy leader calls for EEC urban policy

BY ROBIN PAULEY

EUROPE'S large cities face "terrible social unrest" requiring an EEC common urban policy, said Mr Illtyd Harrington, deputy leader of the Greater London Council in Brussels yesterday.

Mr Harrington told a special European Parliament meeting that the inner city problems of general unemployment, youth unemployment and social unrest demanded urgent action from Brussels. The areas of poverty needing help within the EEC were no longer out in the hinterland but in the heart of the cities, said Mr Harrington who is also representing the London Boroughs Association at the meeting.

Although about 70 per cent of the EEC population lived in cities, 70 per cent of the Community resources were allocated to the Common Agricultural Policy. Even in the most developed industrial nations, the areas of economic decline were the inner cities.

Cities appeared to be prosperous only on the facade. The total number of unemployed in London was 337,000—more than the jobless total in Denmark, Luxembourg, Greece or Ireland.

"We must revitalise our cities and ensure their prosperity by encouraging new business, training and retraining and it is time we found a common urban policy to do so," Mr Harrington said.

West urged to specialise in arms development

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE NEED for Western nations to specialise more in the development of advanced technological aircraft and other weapons systems, rather than trying to cover the entire range of possible options, was emphasised in London yesterday by Lord Trenchard, Minister of State for Defence Procurement.

Addressing the Western European Union assembly on international aeronautical collaboration, Lord Trenchard said he believed the West would improve such collaboration only by selecting a smaller number of areas in each country to apply "our inevitably limited research and development resources."

Industrialists, he said, should remind themselves that reinforcing success brings more profit than bolstering failures or weaker areas.

He believed that inter-governmental collaboration would be more successful if it followed the patterns already set by collaboration between industrial companies in various countries.

The discipline of the profit and loss account was likely to be more successful in international collaborative ventures than any initiatives by governments.

"Each country and, indeed, to a large extent, each company within each country, needs to select areas where it has a lead technology and develop them. It needs to avoid spending money on the industries where it is competitively weak, and should in turn seek co-operation in those areas with other countries."

He said he had looked at the figures, and discovered that inflation in weapons procurement was increasing in all countries at a rate of over 5 per cent a year more than the general rate of inflation.

"Without constantly increasing defence budgets in real terms, we are all faced with a steady reduction in the numbers of aircraft, ship and tanks that we can afford."

Low price holiday flights

BY OUR AEROSPACE CORRESPONDENT

LOW-PRICED holiday flights to 18 Mediterranean destinations from Gatwick and Luton are to be introduced by Air Europe Travel Services, a sister company to the successful holiday airline, Air Europe.

The company expects to sell up to 50,000 of these "seats only" tickets this summer. Passengers will not be required to buy hotel accommodation as well.

Prices will range from £39 return for Gatwick to Gerona, to £66 return Gatwick-Majorca, £89 return to Faro and £82 to Malaga.

Mr Errol Cossey, commercial director of Air Europe, said the public had been approaching the airline directly for "flight only" tickets to holiday destinations.

"Although the majority of our business will continue as holiday flights on behalf of inclusive-tour operators, we have decided to cater for the needs of the independent traveller on a properly organised basis," he said.

UK NEWS – PARLIAMENT and POLITICS

Howell to set financial targets for National Bus

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

FINANCIAL targets will soon be set for the express coach and holiday sections of the National Bus Company, Mr David Howell, Transport Secretary, told the Commons yesterday.

This will be the prelude to the privatisation of NBC proposed in the Transport Bill, which had its Second Reading yesterday.

Mr Howell has also asked NBC to let him have separate accounts for the two sections—National Express and National Holidays—so that potential buyers of shares will be able to see the detailed background figures.

He had asked the company to bring forward its proposals for these accounts at the earliest possible date — certainly before the end of this year, he said.

National Express and National Holidays did not yet constitute fully identifiable units with proven track records.

Mr Howell pointed out that the company's express coach service had benefited greatly from the removal of licensing restrictions in the Transport Act 1980.

"We believe that a partnership with private capital will make it possible to improve on these results still further," he said.

But he emphasised that it was the Government's intention that NBC would retain a significant share of the express business.

Similar opportunities existed for National Holidays, the marketing side of the company's coach holiday business. Although it was smaller than National Express it was, he said, a straightforward commercial activity which can only benefit from an association with the private sector."

Mr Howell also told the House that he has agreed with NBC that it should take immediate steps to bring forward property development schemes jointly with the private sector.

The company has property assets worth £100m, ranging from small rural garages and depots to large town centre bus and coach stations.

The Bill was attacked by Mr Albert Booth, Labour's transport spokesman. He was particularly opposed to the proposal which would allow private operators to run heavy goods vehicle testing stations in conjunction with repair facilities.

He claimed this could affect the impartiality of testing stations and accused the Government of "playing politics with road safety."

It could mean, he said, that the test certificate might eventually be regarded as "the best certificate that money can buy."

Mr Booth argued that to force NBC to sell off its express coach services would do irreparable damage to the company's national network.

The Bill also brings in instant fines for minor traffic offences. More than half a million motorists are likely to have to pay them each year if the Bill becomes law.

THERE WAS severe embarrassment for the Government yesterday when the Commons approved a Labour proposal to legalise the GLC's cheap fares policy.

The proposal was put forward in a 10 Minute Rule Bill by Mr Douglas Jay (Battersea North). It was designed to reverse the recent Law Lords decision that the GLC scheme to subsidise fares out of rates was unlawful.

The Bill has no chance of becoming law but is used as a way of testing opinion in the House. It was approved by a majority of 23—205-177.

The Government has been extremely hostile to the cheap fares scheme and critical of Mr Ken Livingstone, left-wing leader of the GLC, but with an overall majority of 37 the Conservatives could not muster enough supporters to defeat the Bill. There were jeers of "resign" from the Labour benches when the result was announced.

It probably reflects the concern of some Tory back benchers that the outlawing of the GLC's policy could lead to difficulties for similar schemes in provincial cities.

Howe hears Tory MPs urge help for industry

By Elinor Goodman, Political Correspondent

CONSERVATIVE back benchers last night urged Sir Geoffrey Howe, the Chancellor, to concentrate any available funds in the Budget on helping industry, amid warnings that this could be his last chance to save the election for the Tories.

It was clear at a crowded pre-Budget meeting of the Conservative finance committee that there is a consensus on the back benches in favour of helping industry.

The single most popular measure seemed to be a cut in the national insurance surcharge, followed by help for the construction industry. But there was less agreement about the degree of expansion required.

A minority of speakers argued that an expansionary Budget was essential for the party's election prospects, but the majority seemed to be talking in terms of the Chancellor using what latitude he has within the existing figures to help industry.

Sir Geoffrey said nothing, as is customary at these pre-Budget meetings, but in view of the Tories' present standing in the opinion polls, and the restive state of the party, it is even more important than usual that his Budget is well received on the Tory back benches.

The atmosphere was said to be polite. But one leading wet, Mr Patrick Cormack, said angrily that Sir Geoffrey's last Budget had been a disaster. He insisted that unless there was an expansionary Budget next month, the Tories would not win the election.

Another warning came from Sir Angus Maude, the former Paymaster General, who argued that the electorate would not believe a giveaway Budget just before the next election, and it was therefore essential to get the economy moving in the right direction now.

LABOUR

BA staff dispute halts 47 flights

BY JOHN LLOYD, LABOUR EDITOR

BRITISH AIRWAYS yesterday cancelled 47 European and domestic flights as ramp workers at Heathrow airport refused to work revised work schedules and were locked out by the airline's management.

The company said last night that it would cancel a further 42 flights today. However, as was the case yesterday, shuttle flights and long haul flights would not be affected. Foreign airlines have also escaped the effects of the disruption.

BA said that flight engineers and other staff had volunteered to take over the work of the ramp workers, who load baggage into the aircraft. This had enabled them to run 34 European and domestic flights, including three to Newcastle, two to Aberdeen and one to Jersey.

Mr Michael le Corneau, chairman of the ramp stewards' panel at BA's Terminal One, said yesterday that the 2,000 ramp workers would not go back until the new schedules were withdrawn. The company said that no meetings between the two sides were planned.

A notice displayed to passengers by the ramp workers said: "You are all workers and will therefore understand what it means when management attempt to unilaterally alter the contract of employment and working schedules for their employees. We have tried hard through consultation to ensure that our management would not pursue this course of action."

The new schedules include replacing the workers' 38½-hour week with a 40-hour week, ending guaranteed overtime, increasing the workers' "attendance factor" and ensuring that they work more flexibly. They are part of the corporation's survival plan, which has already resulted in extensive changes in working practices among other groups of BA workers.

The ramp workers' schedules were timed to come in last week, but were delayed to try to reach agreement. The ramp workers, who have a tradition of militancy, voted last month to resist the changes.

BA said the workers' action meant they could not release about 300 staff who had applied for early retirement or special severance. Under the severance scheme workers with more than three years service receive a year's pay as a lump sum, while workers with more than 10 years service receive 10 per cent more for each extra year.

TUC to press Chancellor today for measures to create jobs

BY OUR LABOUR EDITOR

THE TUC will today tell the Chancellor that the £8.3bn boost it sought in its 1982 Economic Review is necessary because the Government has been responsible for the sharpest fall in output ever seen in the UK.

The meeting between members of the TUC's economic committee and Sir Geoffrey Howe had been sought by the TUC after the unemployment figure passed 3m. It will serve as an opportunity for the TUC to press Sir Geoffrey to boost the economy in order to create employment.

For the first time, the TUC has run its programme for the economy through the Treasury's own model. The result showed a drop in unemployment of nearly 700,000 and economic growth of 3.7 per cent in a year—with inflation rising by only 1.1 per cent.

The union leaders do not expect that the Chancellor will "negotiate" with them on which budgetary options they would prefer, or that he will take into account any of the initiatives proposed by the review.

The review proposals are aimed primarily at a future Labour government. Before seeing the Chancellor this afternoon, the economic committee will discuss the latest proposals from the TUC-Labour Party liaison committee's working group on industrial democracy and planning, which are approaching completion.

The liaison committee has called for a central institution linked to plant level planning, with trade union involvement at all levels.

There still remains significant areas of difference between the unions and the party, especially on whether the new planning body should be a government department—the option broadly favoured by the party—or a tripartite body, as favoured by many of the unions.

However it is expected that a document will be agreed by May, and be discussed at a series of meetings before their submission to the TUC and party conferences in the autumn.

Sit-in ends as Sealink service gets guarantee

By Ivo Dawnay, Labour Staff

THE five-day occupation of the Sealink ferry, Senlac, ended yesterday after union officials told crewmen that the future of the Newhaven-Dieppe service had been secured.

Mr Jim Newman, assistant general secretary of the Merchant Navy and Airline Officers' Association, reported to Senlac officers that the British Rail subsidiary had given firm undertakings to resume sailings after a refit of the ship was completed.

The lifting of the occupation will allow an immediate resumption of French ferry services on the route.

Sealink's decision to maintain a British flag presence on the route follows agreement with its French railway partner, SNCF, on Friday. Under the deal SNCF undertook to introduce a larger, more modern ship to the service and revise funding arrangements which last year left Sealink with a £1m loss.

Sealink announced its plan to withdraw from the route with over 240 redundancies in the New Year after three months of talks with SNCF failed to produce an agreement on reorganising the service.

The crewmen responded by sitting-in on the ship and halting all sailings to Newhaven. Negotiations between Sealink and SNCF reopened after officers throughout the Sealink fleet held a six-day stoppage in support of the strike.

Mr Newman yesterday described the resumption of the service as a "remarkable victory" for the crew. "The way that the officers and ratings have struck together has been a very significant factor in winning the dispute," be said.

Europe 'key' to lead-free petrol switch

By Ivor Owen

TALKS on a European-wide agreement are likely to govern the pace at which lead-free petrol can be introduced in Britain, the Prime Minister indicated in the Commons yesterday.

She claimed that the wide-ranging measures announced by the Government last year reflected the views of Sir Henry Yellowlees, chief medical officer at the Department of Health.

They were designed to reduce the maximum level of lead in petrol from 0.40 grammes per litre to 0.15 grammes by the end of 1985.

The Prime Minister was replying to questions from Mr Michael Foot, the Opposition leader. He described a letter written by Sir Henry warning of the danger to children from lead emissions in petrol fumes as "extremely alarming."

Mrs Thatcher said the oil companies could not make the necessary changes to their refineries before 1985. She pointed out that the present generation of car engines would not be able to use lead-free petrol.

She underlined the importance of a European-wide agreement which brought the motor car industries into line.

Thatcher reaffirms support for markets despite Laker

BY IVOR OWEN

THE PRIME MINISTER, replying to questions about the collapse of Laker Airways in the Commons yesterday, reaffirmed her faith in market forces and urged British Rail to offer more opportunities for private sector investment.

Undeterred by Labour references to the problems of stranded passengers and disappointed holidaymakers she unhesitatingly described herself as "a Freddie Laker fan."

In a spirited defence of Sir Freddie, Mrs Thatcher insisted: "Whatever his difficulties now, nothing can take away from him the great service he has done by bringing the possibility of travel to people who never dreamed they would have it."

When Mr John Butcher (Con Coventry South-West) called for more privatisation of British Rail activities inside and outside the railway network, Mrs Thatcher quickly expressed agreement.

She acknowledged that some British Rail assets had already been privatised, and stressed that she hoped it would press ahead with further measures.

Dealing with the position of Laker Airways she pointed out that the decision to suspend its licence could be varied in the light of changed circumstances.

"Naturally the suspension would be terminated if there was a reasonable possibility of Laker Airways being sold in its entirety to someone who could continue to operate Laker Airways as it was operated."

Mr Tim Rathbone (Con, Lewes) said he was speaking on behalf of Sir Freddie as a constituent—"but not at his request"—and on behalf of his employees and the users of Laker Airways.

Without an air operators' certificate and route licences, he said, the future of those who had been engaged in Laker Airways was likely to be "very non-assured."

The Prime Minister warned that if the dispute on British Rail continued it was likely to result in the loss of valuable passenger and freight traffic.

"The losses will be even more far reaching than financial—they may well lose freight and passenger traffic forever," she said.

Employers 'must aid training'

BY OUR LABOUR EDITOR

MR NORMAN TEBBIT, the Employment Secretary, yesterday referred to the storm of criticism which greeted his decision to replace Sir Richard O'Brien as chairman of the Manpower Services Commission (MSC) by saying that it partly reflected the huge task" facing his successor, Mr David Young.

Speaking to the Electrical Contractors Association, he also stressed that training was primarily the responsibility of employers, not of government.

Mr Tebbit has decreed that 16 of the 23 statutory training boards be replaced with voluntary arrangements, against the wishes of the MSC.

His remarks were not seen as implying that there would be further cuts in the statutory provisions—but as an attempt to remind employers who had become used to state assistance that they must now provide training.

He said: "It is the employer who knows what trained staff he needs and who is in the best position to look ahead to future needs. It is the employer who knows what sort of training he wants them to be given, and it is the employer who can arrange this training most economically."

Mr Tebbit pointed to West Germany where some 60 per cent of the workforce had work-related qualifications. This compared with some 30 per cent in the UK. He added that 80 per cent of young Germans received further education against less than two-thirds in the UK.

He paid tribute to Sir Richard, who had "done an excellent job, particularly in overseeing the development of the Youth Opportunities Programme."

However, because UK training arrangements lagged behind those of Britain's competitors, Mr Young would "need all of his considerable skills and experience to match up to the job."

● Mr David Basnett, general secretary of the General and Municipal Workers Union, has accused the Social Democrats of opportunism and ignorance over their support for the Employment Bill.

Speaking after a meeting of his union's executive in Peterborough last night, Mr Basnett said: "The majority of the SDP in Parliament has now made clear beyond doubt their opposition to the trade unions. They wish to distance themselves from the trade union movement. They will have no difficulty in doing so."

Mr Basnett said that the new Bill would interfere with collective bargaining procedures and undermine existing agreemnets between employers and trade unions.

Essex seat share-out for alliance

By Elinor Goodman, Political Correspondent

THE LIBERALS and the SDP have agreed to recommend an equal share-out of parliamentary seats in Essex to their members there.

The Liberals will fight Mr Norman St John Stevas, the former Conservative minister, in Chelmsford, which is very high on the party's list of winnable seats.

In return, the Liberals have agreed to stand aside for the SDP in seats like Saffron Walden, where they have been active in the past.

The result is a fairly even division of the "winnable" constituencies, complying with the national guidelines on the allocation of seats.

The SDP's best hope is probably Southend East, which Mr Teddy Taylor held for the Tories with a reduced majority in one of the first by-election tests of this Government. The former Labour candidate has defected to the SDP and might stand against Mr Taylor.

The SDP will fight Basildon, Braintree, Colchester South, Epping Forest, Harlow and Thurrock. The Liberals will fight Southend West and Harwich, which they think are promising, together with Castlepoint, Brentwood, Billericay, Colchester North and another new seat being created by the Boundaries Commission.

Boundaries in Essex are to be redrawn before the next general election, creating 16 constituencies in place of the present 14.

Provisional agreement over the share-out has now been reached in five regions, with the running total of constituencies standing at 36 for the Liberals and 32 for the SDP.

At yesterday's meeting, both sides cited instances of local parties' failure to implement the spirit of the national agreement, but they agreed to maintain March 31 as the deadline for the completion of negotiations.

A deal is expected to be announced shortly in North Yorkshire, but it is clear that negotiations in some areas are still at a very delicate stage and could create problems.

Peter Riddell writes: The three-way split among the 27 SDP MPs in Monday night's vote on the Employment Bill has highlighted significant differences in approach.

Seventeen MPs voted for the Bill, five voted against, two were abroad and three abstained.

Mrs Shirley Williams said afterwards that the vote might seem muddled to the public but she pointed out that some of those who opposed the Bill were newcomers to the party. All 12 founder members of the SDP supported the Bill. The five opponents had all joined since last summer, as did the abstainers.

She urged that England and Wales should follow Scotland's example and allow Sunday trading. The situation there was stable and caused no problems.

An opinion poll showed that the public favoured extending shop opening and Sunday trading, and to do so would ease unemployment, she said.

PM promises computers Bill

THE GOVERNMENT will curb the use of "computer snooners" in the next session of Parliament, the Prime Minister pledged yesterday. A White Paper on data protection is only weeks away.

Mrs Thatcher told MPs that she regarded legislation on the issue as urgent.

Mr Michael Meacher (Lab, Oldham) told her that, for a mere £500, snoopers can obtain private and confidential information from personal, medical, financial and police records on her, or any citizen.

Gould to fight Dagenham

MR BRYAN GOULD, former Labour MP, has been selected as the party's candidate for Dagenham, East London, in place of Mr John Parker, 75, who is retiring at the next election. Mr Gould lost his Southampton Test seat at the last election.

Decision 'still pending' on North Sea oil royalties

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT has made no decision yet on whether to take royalties from North Sea oil in cash instead of in kind.

Speaking during the Committee Stage of the Oil and Gas (Enterprise) Bill, Mr Hamish Gray, Minister of State at the Department of Energy, said no decision had been taken to discontinue royalties in kind despite Opposition assertions to the contrary.

"The policy remains unless and until changes are announced, he said. "Any switch would have a significant impact on the prospects for the trading operations of the British National Oil Corporation.

Mr Gray was dealing with issues raised on the relationship between BNOC and the new Britoil exploration and production company. He claimed there would be good employment opportunities for the new company though the remaining BNOC trading side would employ only between 100 and 150 BNOC now employs more than 2,000.

The Government was accused by Mr Ted Rowlands, a Labour energy spokesman, of the "selling-off of the century" over its proposals for the participation agreement between Britoil and BNOC.

Mr Gray announced that after the sale of Britoil shares, and when BNOC had assumed its new role, the Employment Secretary would give directions under the 1975 Act to limit BNOC's role to that of an oil trader.

Dr Dickson Mabon, the SDP member for Greenock, questioned whether foreign Governments would be willing to deal with the new Britoil on exploration and production deals or would insist on dealing with a state corporation such as BNOC. Mr Gray said the new BNOC would be highly unlikely to engage in exploration and production, and so would not be involved in such overseas venture.

Vosper seeks full-time union officials

Financial Times Reporter

VOSPER, the state-run Southampton-based ship repair group, wants full-time union officials. This move is part of a ten-point plan aimed at improving productivity.

The company, the second largest yard in British Shipbuilders' loss making repair division, aims to replace its seven-member shop stewards committee with four full-time officers. At present shop stewards combine union duties with normal work.

Management believes the new officials would have greater opportunity to study company policy and this would lead to better internal communications

Shop stewards have reacted angrily to the plan. They say it would increase rather than reduce costs.

BR concessions 'unfair' to retired women staff

BY JOHN WYLES IN BRUSSELS

BRITISH Rail Engineering unfairly discriminates against its retired women employees by refusing them travel concessions available to retired male workers, the European Court of Justice held in Luxembourg ruled yesterday.

In a decision on questions posed by the House of Lords early last year, the court affirmed that British Rail was breaching the equal rights provisions of Article 119 of the Treaty of Rome, even though none of the travel concessions for retired male workers were guaranteed by a contractual agreement.

The case against BR was brought by Mrs Eileen Garland. But the court's ruling avoided setting any general precedents on equal rights after retirement by limiting its judgment solely to the question of travel concessions.

In a separate decision issued yesterday, the court decided that importers do not have the same rights to purchase in third countries which have free trade agreements with the EEC as they do when importing from Community countries.

This case arose from an action by Polydor, the British record company, against the importer of records, Harlequin and Simons.

Polydor was challenging the importer's right to bring into the UK copies of the Bee Gees' record "Spirits Having Flown" from a Portuguese company licensed to produce the record in Portugal.

Polydor had equivalent rights in the UK and claimed its copyright was being breached.

Edwardes tells MPs about Leyland crisis

By Our Labour Staff

SIR MICHAEL EDWARDES, chairman of BL, yesterday briefed a delegation of MPs on the mounting crisis facing its strike-hit subsidiary Leyland Vehicles, the truck and bus manufacturer.

Sir Michael told the MPs, who represent constituencies in Lancashire and Scotland affected by the 19-day stoppage, that the company was seriously concerned by the dispute.

More than 12,000 workers at the company's plants in Leyland and Chorley in Lancashire, and Bathgate near Glasgow, have downed tools in protest at a company reorganisation plan which includes 4,100 redundancies.

J. C. Bamford, the earthmoving vehicle manufacturer, last week warned Leyland Vehicles that it could place its engine orders elsewhere.

Counting the cost of Aslef claims

Philip Bassett reports on British Rail's evidence to Acas inquiry

BRITISH RAIL said yesterday that the attitude of the Associated Society of Locomotive Engineers and Firemen towards the crucial productivity issue of more flexible work rostering would add £5m a year to BR costs and involve the creation of 500 extra posts.

In its evidence to the committee of inquiry set up by the Advisory Conciliation and Arbitration Service under the chairmanship of Lord McCarthy, BR said that Aslef's insistence on the retention of the eight-hour day and an additional rest day every eight weeks from the introduction of the 39-hour week was a "maximum cost" solution.

BR said: "The Aslef stance is one of wanting the penny and the bun—more rest days but not changes to help the cost." Stressing that its proposals on flexible rostering would be of benefit to footplate staff, the Board detailed the economic benefits to the industry of progress on the issue.

The timetable of trains does not fit neatly into eight-hour or any other single size of shift. This was well-illustrated by the fact that the average train working content of the present eight-hour programmes was just three hours 20 minutes.

BR said: "Even allowing for all ancillary elements mentioned it is clear there is a major gap between the available work time and the time actually worked. A significant part of this is due to the rigidity of the eight-hour day framework.

"By having the freedom to have programmes of varying length these can be tailored more closely to timetable requirements, spare time can be reduced, and consequently a larger proportion of paid time can be productive."

The board told the inquiry that "even a 10-minute increase in the train working content, to three hours 30 minutes, would represent a significant 5 per cent improvement." It said its proposals to vary the eight-hour day and bring in a more flexible 7-9 hour period did not place unreasonable demands

Before it had put forward these proposals, BR said it had visited railways in France, Germany, Holland and Sweden and found that "all of the railways have a wider range of variability than the seven-nine hours we are proposing." BR added that "the other railways were astounded to learn of the rigidity of BR practice."

BR put forward to the inquiry draft agreements on variable rostering, on associated payment principles and on easement of traction manning.

It hoped the inquiry would recommend that these draft agreements should be adopted and implemented. With reference to the disagreements which had sprung up between the board and Aslef over agreements reached last year, BR told the inquiry that it could not afford to have any further misunderstandings

It said the draft agreements represented "the minimum change from the present arrangements which would genuinely be variable day rostering, make a contribution towards improved efficiency and offset the cost effect of the shorter working week."

The main object of the draft agreement on payment principles associated with flexible rostering is "to even out weekly payment as far as practicable," despite the variation in rostered time from week to week.

BR registered its objection that it was having to explore the issue of flexible rostering "under the duress" of the present Aslef strikes, which were a "matter of deep regret and concern to the board."

The white-collar Transport Salaried Staffs' Association, in its evidence, gives firm support to Aslef's case. It told the inquiry: "We consider that the BRB have breached the agreement on pay by not paying the 3 per cent. We feel that they should have paid it and then proceeded through the machinery on the productivity aspects they felt had not been honoured."

But the union also says that British Rail has been unable to pay the 3 per cent because "Aslef have consistently refused to allow this course to be followed by refusing to attend a Railway Staffs National Council meeting."

The National Union of Railwaymen told the inquiry that the effect of the dispute was that "confidence in the industry will have been seriously damaged and the real prospect of persuading the Government to increase investment and push ahead with electrification will have been sacrificed because neither party have been prepared to compromise."

Aslef, the main party to the dispute with BR, refused to attend the inquiry or give evidence. But the union made available to the inquiry all relevant papers and documentation and there was a suggestion in BR circles last night that this in effect constituted evidence for the inquiry to take into account.

Whitelaw 'neutral' on Shops Bill

FINANCIAL TIMES REPORTER

THE GOVERNMENT will not move to relax Sunday trading laws, Mr William Whitelaw, Home Secretary, announced yesterday.

He said in a Commons written reply: "There is not yet a sufficient basis of agreement between the various interests concerned."

But Mr Whitelaw said the Government was aware of mounting pressure for reform and would not oppose a Private Member's Bill introduced in the Lords by Baroness Trumpington (Con).

Her Shops Bill would allow shops to open "at such time as they see fit" by repealing parts of the 1950 Shops Act.

Replying to Sir Anthony Meyer (Con, West Flint), Mr Whitelaw said: "The Government can find no ground of principle for opposing such a measure and proposes to maintain an attitude of benevolent neutrality during the proceedings on this Bill, which will provide a further opportunity for parliament to express its views on this subject."

In the Lords, Lady Trumpington said her Bill represented an effort to "change a bad law, an unenforced and unenforceable law and points the way for freedom for shops to open and close when they wish."

The Bill is the latest in a long series of attempts to change the rules, by members of both houses of parliament.

"It proves the gathering strength of feeling which exists among consumers and shopkeepers to alter an extraordinary situation which exists at present," she told peers.

"It seems scarcely credible that it is legal to buy delicious prawn balls and chips from Chinese take-aways but it is illegal to buy delicious fish and chips from a fish and chip shop, although fish and chip shops may legally sell other products . . . what a ludicrous situation."

This situation existed because fish and chip shops were the only kind of take-aways which existed in Britain when the 1950 Act banning Sunday opening was passed, she said.

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Later rather than sooner for Qatar's LNG

By Richard Johns, recently in Doha

FEW countries have watched the fate of the Soviet Union's agreement to supply gas to West Europe with such interest as Qatar. The deal could have a direct bearing on the small Gulf oil producing state's hopes of going ahead soon with a project to process liquefied natural gas from its own vast off-shore reserves. The project would take seven to eight years to implement.

Thus, conclusion of the deal whereby France will purchase 8bn cubic metres annually of Soviet gas was not welcomed in Doha. Nor was news of the postponement of the second phase of Woodside Petroleum's LNG project in West Australia and the revision of Nigeria's scheme, two events which both emphasised the uncertain market prospects for LNG.

At stake is the future of the project to exploit Qatar's off-shore reserves in what has been commonly referred to as the North-West Dome but is now officially called, with greater geographical accuracy, the North Field. With only nine wells drilled, the extent of the field has not yet been properly delineated. But the 1,000 square mile structure is reckoned to be three times as big as the Netherlands' Groningen field, the world's largest source of gas. Current estimates of gas reserves are 100 trillion (million million) cubic feet proven and 300 trillion probable.

The Qatar General Petroleum Corporation envisages drawing about 2bn to 2.4bn cubic feet of gas per day. At the outset Qatar would want some 760m cu ft/d for its own purposes but would probably want to keep about 1bn cu ft/d for local consumption. The balance would be processed to produce no less than 6m tons a year of LNG for export, the equivalent in BTU terms of 8.4bn cubic metres annually of Soviet pipeline gas. The cost of the development, less the very substantial investment in shipping, is now put at $6bn in current prices. Having assumed that there would be a ready market, QGPC is becoming aware that finding long term customers may not prove easy.

Alternative

Qatar may need gas from the North Field as early as 1986 or 1987 for its domestic purposes. As production of oil and associated gas declines from the middle of the decade it will need an alternative source of energy not only to satisfy demand for electricity and desalinated water but also to supply its fertiliser, steel and petrochemical plants with fuel and feedstock. Over the past two years the flow of offshore gas has fallen drastically as a result of serious technical difficulties with the pipelines installed by Shell, which operates the marine fields.

Last year the rate was only 128m cu ft/d rather than the 180m cu ft/d or so which should have been generated by oil production. The Qatar Petrochemical Company was particularly hard hit in its first full year of operation. This joint venture between QGPC and CDF Chemie was able to operate at just over half capacity because of the shortage of ethane supplies and it suffered substantial losses.

An integrated system, which was designed fully to utilise associated gas, originally presupposed an oil production of more than 600,000 b/d compared with the present maximum allowed, for reasons of conservation and price support, of little more than 400,000 b/d. Even with the optimum flow of gas from that rate, QGPC could not fully satisfy its industrial customers. To make good the deficit QGPC has to draw more heavily on the cap gas 10,000 feet down in Khuff Zone under the on-shore fields. At some 1.5 trillion cu ft, its reserves are limited.

Looking further ahead, Qatar will need an alternative source of income as its oil production declines. Projections published by the Organisation of Petroleum Exporting Countries indicate output falling to 300,000 b/d by 1985, 200,000 b/d by 1990 and 100,000 b/d by 1995. Secondary recovery techniques could sustain a better performance. Nevertheless, the day when Qatar's oil wells run dry is beginning to loom.

The Government has gone a long way towards committing itself to the development of the North Field for the export of LNG. In its search for technological expertise and market outlets last summer it invited proposals from oil companies on the basis of a broad outline for the project. The five that responded were British Petroleum, Shell, Compagnie Française des Pétroles, Wintershall and Roy M. Huffington.

Five Japanese companies were also approached. They divided themselves into two groups—one composed of Mitsui, Mitsubishi and C. Itoh and the other of Marubeni and Nissho-Iwai.

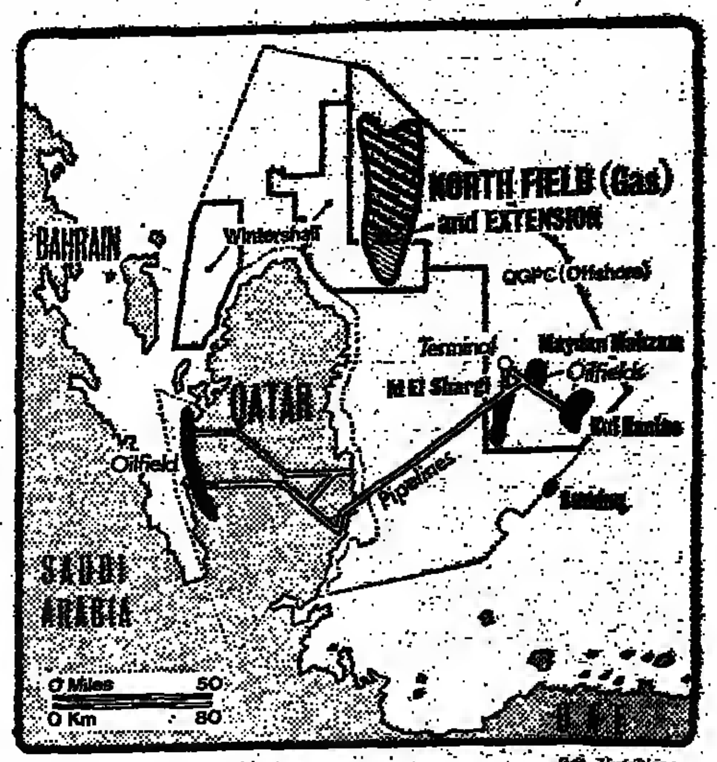
The Government is thinking in terms of full state ownership of the off-shore producing facilities. QGPC wants its chosen partners to take an equity share of 20 per cent in the LNG plant, probably 15 per cent for the oil company—or companies, because it may well choose two—and 5 per cent for one of the two Japanese groups. The Government has made it clear that it does not want to invest in the transportation side which could involve as many as a dozen carriers. The three contending consultants with which the Government is negotiating are Bechtel, Pullman Kellog and Fluor.

Towards the end of last year the technical steering committee established under the chairman of Sheikh Rashid bin Awaida al Thani, deputy general manager of QGPC, asked for revised proposals. Two weeks ago Mr Ali Jaidah, chairman of QGPC, said a decision could be expected "imminently." Consideration of the bids has taken place under a blanket of secrecy. The five companies' sensitive response to inquiries indicates their anxiety to be selected.

The Japanese are reported to have been less than enthusiastic in the first place. But it is understood that neither of the two groups wants to be left out of the project. The reserves in the North Field are so substantial and the prospective development so large that none of the companies involved, Western or Japanese, could easily renounce access to them for possible future use. Exactly when is a different question.

There is certainly suspense in Doha over the outcome of the negotiations, but also an air of unreality about the whole business. The Qatari assumption, nurtured perhaps by the decade of power exercised by Opec members until last year, has been that the state is operating in a seller's market, and that Japan with its dependence on imported energy would provide a market and, moreover commit itself to a price approximating to that of crude oil.

With talk of a terminal at Trieste or Wilhelmshaven, Wintershall in particular has held out hopes in this direction. As a partner, it is also in a potentially strong position because the exploration area covered by its production sharing agreement with QGPC covers the southern part of the North Field. It is by no means certain that Wintershall could ensure a market or that Qatari gas could compete while still bringing in the kind of return the Government and its partners would expect.



Bob Hutchison

Whatever Wintershall's claims—at least it is in a strong position to be "bought out"—QGPC is expected to choose a partner, such as BP or Shell with the technological capability to tackle a project of this scale. Both have a long association with Qatar, BP heading the consortium operating the offshore fields and Shell having discovered the North Field.

Mr Jaidah confirms that QGPC is looking to its future partners, who as equity partners will have a vested interest to market the gas. The negotiations so far have not touched on the critical issue in detail nor that of pricing.

In the event the timing of any LNG project will probably be dictated by market demand, potential customers and the fate of rival projects. That, not the least because of Qatar's location, could be later rather than sooner.

APPOINTMENTS

Two for ARC board

AMEY ROADSTONE CORPORATION has appointed Mr Keith Orrell-Jones and Mr Geoffrey Mortimer to its board. Mr Orrell-Jones is president and chief executive of ARC America. Mr Mortimer is chairman of ARC's eastern and south eastern regions.

★

Mr M. G. Redgwell (Butler Till) has been appointed deputy chairman of the STERLING BROKERS' ASSOCIATION.

★

Mr Bill Croft has joined MULTITONE ELECTRONICS as group technical director. He was formerly at Philips Business Systems, where he was head of production.

★

Mr David Brown — financial director of SAVAGE INDUSTRIES since August 1980—has been appointed chief executive.

★

The Clarke Group has appointed Mr Tony Greasley as managing director to the Midlands housing group of CLARKE HOMES.

★

Mr Brian Buffham has been appointed as finance director of the FLYING CARGO group from April 1. He has been chief accountant for the International Computers Group for the last four years.

★

Mr Philip F. Banks has been appointed chairman of the MANAGEMENT CONSULTANTS ASSOCIATION. He is the managing director of A. T. Kearney.

★

BARING BROTHERS AND CO. has appointed Mr J. R. F. Fairbrother and Mr G. A. Maclean as directors, and Mr J. E. Heskett as a manager.

★

Mr Adrian Sykes, Mr Douglas Hulme and Mr Frederick Harris will be joining stockbrokers, ANDERSON AND CO., on February 15.

★

Mr Ray Sexton has been appointed to the board of MYSON FANS, a member of the Myson Group, as engineering director.

★

Mr H. N. P. McCorkell has been appointed to the board of FLIGHT REFUELLING (HOLDINGS). He will continue as financial director of Flight Refuelling.

★

Mr David A. Jessop has been appointed director of the WEST INDIA COMMITTEE. He succeeds Lt.-Col. M. R. Robinson.

★

Mr J. H. Carter, Mr R. A. Daws, Mr J. E. Reynolds and Mr F. E. Thorne have been appointed directors of C. T. BOWRING REINSURANCE.

★

Wigham Poland states that Mr Anthony Pett has assumed responsibility for the activities of its subsidiary company BUSINESS RISK AND INSURANCE MANAGEMENT COMPANY which specialises in captive company management. Mr Peter Minor has also joined the board of BRIMCO.

CONTRACTS

Share registration on computer

Ravensbourne Registration Services, one of Britain's largest share registration organisations, has placed an order worth £750,000, with ICL for a 2946 system to replace its existing 1900 Series computer. Ravensbourne uses a sophisticated system for on-line data input for immediate response to questions about specific shareholdings. The administration of membership records is also an important part of Ravensbourne's operations and two clients, the National Trust and Mecca Leisure, each have over 1m members.

★

ASHWELL SCOTT has been awarded a contract by IMI Marston to design, construct and equip a coal-fired boilerhouse. The £344,000 turnkey project is one of the first to be given a grant under the Government's £50m scheme for oil-to-coal conversions. The fully-automated boilerhouse will be built on IMI Marston's Wolverhampton site. Ashwell Scott is part of James Scott Engineering, a William Press Group company.

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What is claimed to be the most powerful range of British designed and manufactured business and scientific micro computer systems is the result of an OEM agreement between Trivector Systems Group, of Sandy, Bedfordshire and NEWBURY LABORATORIES. Under an initial £100,000 contract, Newbury will supply 100 model 8003 visual display terminals and a number of DRE 8840 240 cps matrix printers. Replacing American Soroc VDU's, the new British-built terminals and printers will be linked to the Triton 4 multi-processor system. With up to four micro processors, 600K bytes of main memory, 100M bytes of Winchester disc memory, 16 Newbury VDU's and 8 DRE printers, the Triton is said to be the most powerful British made business micro computer system on the market.

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Four contracts totalling over £100,000 have been awarded to DEWPLAN (ET), Stockport-based effluent company of the Dewplan Group. Two of the contracts, which are being carried out for the Central Electricity Generating Board, include the treatment of contaminated nuclear wastes of Trawsfynydd Power Station and for cooling water treatment at Hartlepool Power Station. The remaining contracts are for the treatment of effluents from tallow production for Dublin Products, and in Northern Ireland for the treatment of cheese factory wastes for Antrim Creameries.

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TECHNOLOGY

EDITED BY ALAN CANE

Italy aims for European lead in solar cells

BY JAMES BUXTON, IN ROME

ITALY IS hoping to become the most important country in Europe in producing systems for generating electricity from sunlight. A newly established company named Pragma last week announced a L60bn ($50m) investment programme for the next five years, which it says is the biggest in Europe.

Pragma is 75 per cent owned by Agip Nucleare, part of the ENI state energy concern. The remaining 25 per cent is held by a private energy investment company. It inherits several years of Italian development and experience in the field of photovoltaic cells.

Regulator fed

Photovoltaic cells are the key to using sunlight to make electricity—as opposed to just heating water. They were originally pioneered by NASA for its space programme and consist of thin wafers of silicon which are chemically treated to divide them into two layers of different electric potential. When sunlight hits the cell an electric charge is generated which the difference in potential between the two layers separates into positive and negative. An electric circuit collects the electricity thus generated.

A panel of 24 cells arranged in series can produce 12 volts, sufficient to charge a battery. Fed by way of a regulator it can supply direct current, or, through an inverter, alternating current. A set of batteries to store power for use when the sun is not shining is an essential feature of any system.

A photovoltaic system is roughly comparable in cost with diesel generators, according to Pragma's managing director, Sig Giovanni Simoni. This makes it suitable for supplying power to remote houses, island communities, remote telecommunication relay stations, radio beacons and so on—all cases, in which it would usually be far more expensive to instal mains supply.

A photovoltaic system has the advantage over diesel generators that it requires very little maintenance—little more than dusting the cells. This is especially useful in developing countries where maintenance is usually poor and where many an expensive telecommunications systems lies idle for want of a spare part or a gallon of diesel at a remote hilltop relay station.

Sharp fall

Nevertheless, photovoltaic systems are currently a very expensive way of producing electricity. At peak output, according to Pragma, it costs ten dollars to produce one watt. Electricity produced by either nuclear of conventional thermal power stations costs in the region of $4 per watt. Though the cost of photovoltaics has already fallen sharply from $50 per watt in 1975, the main battle in photovoltaics is to get the cost down to about half its present level.

The most costly single item in a photovoltaic generator is the polycrystal silicon, accounting for about 45 per cent of its cost. Pragma considers this type of silicon to be of unnecessary high quality for what it has to do. Like other photovoltaic companies it is seeking to develop a less pure but equally effective type of silicon—known as amorphous silicon—which would bring down the cost.

It is operating in association with Solarex, one of the three main U.S. photovoltaic companies and the only one with a complete vertically integrated production cycle, and has a cross-licence agreement with Solarex's subsidiary, Semix. The arrangement allows it to benefit from Semix's own research (including that in the past) while supplying Semix with the results of its own investigations.

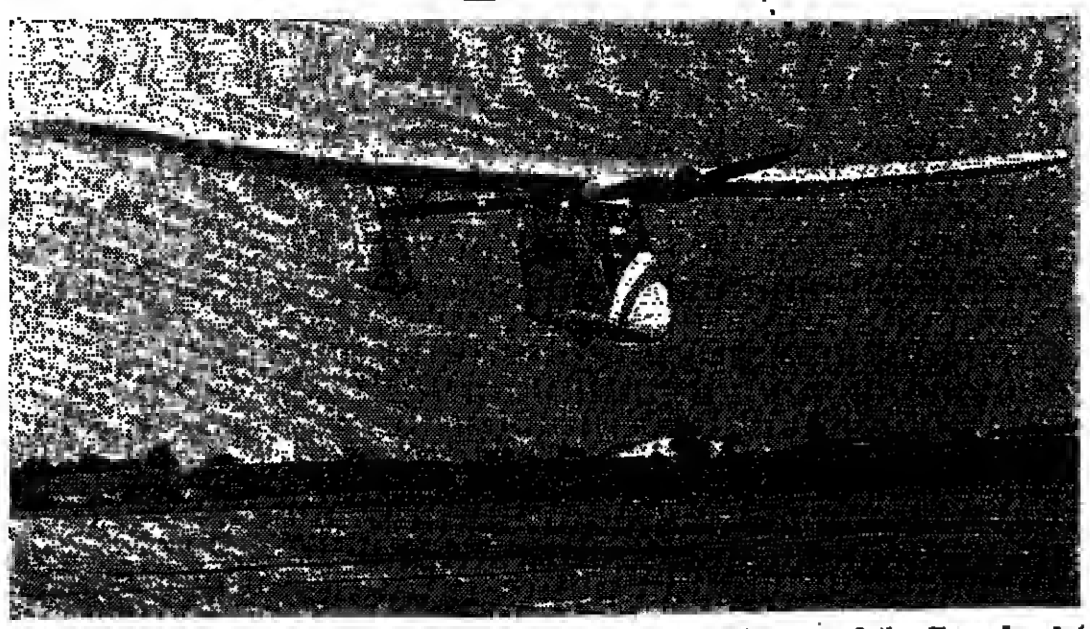
Pragma has already developed its own process for casting solar grade silicon, which will go int oproduction within the next two months, and, with Semix and other European partners, has set up a company called Intersemix based in Switzerland. Intersemix, too, is to make the wafers of silicon.

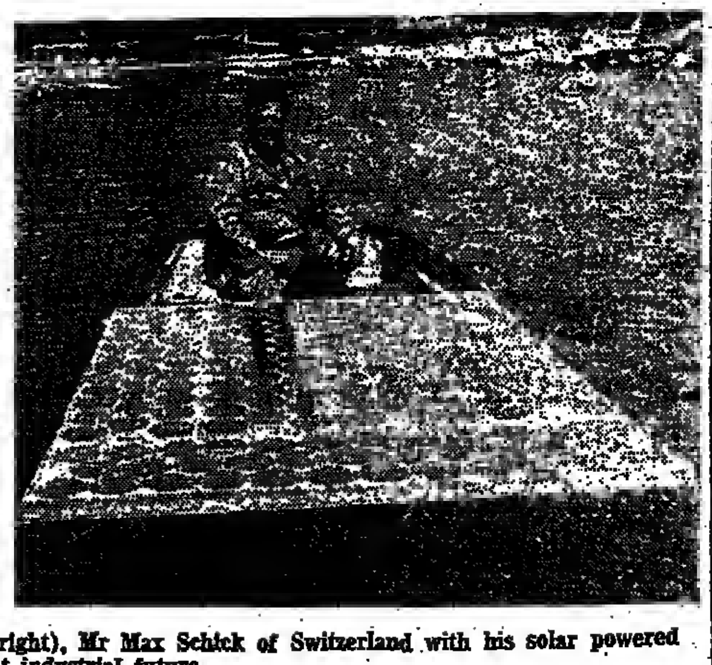
The wafers will be assembled into panels at a plant Pragma is establishing south of Rome. A second plant is to be set up in southern Italy later so that by 1986 Pragma hopes to have a production capacity of between six and eight MW a year.

Italy, with its wealth of sunlight and large numbers of islands and remote mountain settlements, is a good place on which to base a photovoltaic industry. Pragma is involved in an EEC-founded project for a 70 KwH water pumping system near Verona, and a 45 KwH refrigeration scheme for the island of Giglio.

With ENEL, the state electricity authority, it is participating in the electrification, based on photovoltaics, of the island of Alicudi, off Sicily, and is supplying half the equipment for the one Mw photovoltaic power station in Puglia in South East Italy, which is the responsibility of CNEN, the Italian nuclear energy authority. Sig Giuseppe Stigliotti, chairman of Agip Nucleare, says photovoltaics could provide 3 per cent of Italy's energy needs by 2000 AD.

The Italian concern's main rival in Europe is likely to be France, where the oil company, Elf, has a stake in a consortium named Société Française des Photopiles. The present leaders in photovoltaic technology are U.S. companies—Pragma's associate Solarex (in which Amoco is involved), Arco Solar (part of Atlantic Richfield) and Solar Power Corporation (an affiliate of Exxon). But the western photovoltaic companies expect increasingly strong competition from Japan, especially in the crucial field of the technological breakthrough that would lead to dramatic cost reductions.





SOLAR CHALLENGER, the U.S.-piloted sun-powered aircraft which crossed the Channel and (right), Mr Max Schick of Switzerland with his solar powered boat. But *Italy believes that solar cells have a bright industrial future.*

Exeter leads the way on nozzle life-time

MAX COMMANDER looks at some of the offerings from industry at home and abroad.

MATCHLESS MACHINES, 16, High Street, Tring, Herts (0908 70912) has introduced a spark erosion machine tool which comes together with generator equipment and occupies a floor area of 1 metre by 900 mm.

Known as the "Minor," part of the company's Mecrode range, the machine has a 450 × 375 × 265 mm work tank and will accept workpieces up to 220 mm.

An automatic press designed to cut non-metallic materials comes from Fabcut Tools, 6, Union Road, Chippenham, Wilts. (0249 51617).

The Fabcut PFG Press is suitable for cutting from materials up to 311 mm wide and can be roll strip or sheet fed. More details from the company.

From GSW Press Shop Equipment (Wharf Street, Warwick 0926 497988) comes a new range of decoiling equipment. The company says that the feed unit uses the conventional bridge type clamps for widths up to 500 mm wide, but for over this measurement units can be constructed using the side grip principle.

In addition to standard units, a self-contained hydraulic version is available able to handle up to 5 mm thickness.

Remote

A range of swing cylinders for a variety of clamping operations in machine tool, component assembly and other production process comes from Enerpac, Estate Road, Newhaven, Sussex (Newhaven 5701).

The cylinders offer clamping forces of up to 4.5kN at 350 bar in single and double acting versions. The units are designed for remote operation using manual, air or electrically operated hydraulic pumps.

Nozzle life time has been occupying the thoughts of the Engineering Science Department at Exeter University. The department has been looking at abrasive jets for cutting, and members felt, could be more attractive if the jets could combine a substantial range and longer life.

The university has developed a system which allows the use of high pressure water jets as a carrier for an abrasive slurry without the rapid abrasion of the jet nozzle.

Applications are, obviously, in ship and masonry cleaning and mining.

Professor J. O. Flower at Exeter University's Department of Engineering Science, will explain all. Telephone him at Exeter 77911.

The Professional Tool Group of Ingersoll Rand (Swan Lane, Hindley Green, near Wigan, Lancs. 0942 57131) has developed a range of pneumatic die and angle grinders and angle sanders.

The company claims that for use in the aerospace, automotive, die moulding and plant maintenance industries the range is now the most extensive in Europe.

The Red Ring horizontal six station broaching machine from the division of Lear Siegler Inc., 5600, St Jean Ave, Detroit, is now available through its British subsidiary, Precision Gear Machines and Tools (Bodmin Road, Wyken, Coventry, 0203 616231).

The machine, with a double indexing system, can produce six face slots in a 2.293 in diameter by 1.0295 in wide hollow splined SAE 5130 steel forward roller clutch cam for front drive automatic transmission at a rate of up to 600 pieces per hour.

Heavy duty horizontal band-saws, the Startrite-Meba SW400 and SW440 have new hydraulically actuated brade down feed control to ensure optimum cutting performance when handling materials of variable *diameter.*

The control automatically monitors power down feed rate according to resistance between the blade and workpiece.

Full details are available from the 600 Group, Wood Lane, London (01-743 2070).

Clean drilling

Concentric Production Research has been appointed sole UK distributors for Sugino drilling and tapping units. Capacity covers drill sizes from 0.5 to 30 mm. The speed regulator and a step feel regulator ensures, the company claims, clean drilling of deep and very small holes.

Details of the Sugino SFB Self-feeder range are available from Concentric at Sutton Coldfield, West Midlands (021 378 3030).

A weld guide grinding system for use with portable abrasive belt machines, designated the Dynabelt Accu-Grinder comes from Surtech, 244/5 Heneage Street, Birmingham (021 359 4322).

Abrasive discs

Surtech says that the grinder is able to remove welds faster than abrasive discs and can leave an in-line ½ in or 1 in wide satin finish. It can also eliminate the swirl pattern from disc sanders.

Mr K. W. Lehmen on the number mentioned above will be happy to talk to you.

Also new from Addison is the double clamp metal cutting circular saw, which is said to be ideal for straight and mitre cuts of ferrous and non-ferrous tubes and bars and sections.

Designated the Addison-MEC Brown, the tool has several new features—with double clamping the anti-burr device can eliminate "break-off/pips; (2) bigger capacity means that the saw can accept blades up to 315mm, able to cut tubes up to 100mm diameter, and (3) the locking and release of the vice is conducted by a single-short stroke lever to avoid operator fatigue.

Tensioned blade

Still on saws, and of interest to woodworkers, will be the introduction of a power hand rip-saw from Wadkin of Leicester (0533 769111).

The C7 is fitted with a pre-tensioned blade 65mm wide, has a 1.6mm kerf and cuts 2.4mm finer than most conventional blades. Waste saving, says the company, could be as much as 60 per cent.

The Addison double clamp metal cutting circular saw

Stress analysis instrument

SHARPLES Photomechanics, Bamber Bridge, Preston (0772 36268) has announced its new photoelastic polariscope for stress analysis in most aspects of industry.

The diffuse light instrument has a 152 mm diameter image field and can be adapted for quick measurements of photoelastic analysis results.

Models up to 340 mm by 240 mm can be accommodated in the model loading frame. More details from the company.

Converter for Olympic typewriters

By Alan Cane

THOSE with an Olympia ES 100 electronic typewriter and a yen for a daisy wheel printer should be interested in the VDS 100 converter from Datarite Terminals.

The converter—a hand-sized "black box" is installed between the typewriter and a micro—or mini—computer; the typewrite, can then be used to type at more than 200 words a minute.

The converter is available in either RS-232 or Centronics parallel interface and costs £295. According to Datarite, the price together with the typewriter is less than any comparable printer. More on 01-590 1155.

Sprinkler testing

A RANGE of high-pressure test units for fire sprinkler systems has been introduced by Sharmayne Products, Altec House, Brigade Close, Harrow, Middx. (01-422 3400).

The standard unit consists of a semi-hydraulic, two-cylinder positive displacement diaphragm pump, close coupled to a Briggs and Stratton 3 hp four-stroke recoil-start petrol engine.

Controls consist of a pressure regulator/by-pass valve, safety valve, and an isolating valve mounted in a discharge manifold and panel-mounted pressure gauge.

The unit can be trolley mounted and electrically driven versions are also available.

Roughness gauge

ELCOMETER INSTRUMENTS, Edge Lane, Droylsden, Manchester (061 370 7611) has introduced a surface roughness gauge for the woodworking industry. Elcometer 380 has a digital display and full details are available from the company.

Data acquisition

A HIGH speed 12 bit analogue to digital converter with a conversion time of five microseconds has been introduced by Teledyne Philbrick.

It is intended for applications such as high accuracy data acquisition, wave force analysis and medical instrumentation. Further details on 01-897 2501.

Powertran moves into a range of three kit form robots

BY ALAN CANE

POWERTRAN, a company best known for its hi-fi equipment in kit form has gone into robotics.

It is now selling a range of three robots which can be supplied very cheaply ready-built or in kit form.

The most advanced machine in the range, the Genesis P101 with six axes of rotation, sells for only £545 ex-VAT in kit form—although there are extras to be bought which can hump up the price. Fully assembled, the P101 costs £1,525.

Commercial

According to Powertran, the robots are well suited to technical colleges and the home enthusiast, although they are capable of practical commercial applications.

They have been purchased by Thorn EMI, Thorntons the chocolate makers and by a plastics moulder.

Feedback

Designed and manufactured in the UK—the microprocessor and memory chips apart—the robots run on hydraulic power and are controlled through a closed-loop feedback system based around a dedicated microprocessor.

Movement sequences can be entered, stored and replayed by use of a hand-held controller and the systems can be interfaced to an external computer through a standard RS232 interface.

The biggest robot can lift and manipulate two kilograms. More on 0264 64455.

GARDENS TODAY

A mixed palette for the compost

BY ROBIN LANE FOX

OVER the past week, I have been thinking about the contents of compost. Partly, I blame the weather. The rain has beaten down one of my flowerbeds into a sodden heap after the thaw, so it is time to mix in some sharp sand and humus to lighten its balance.

I also blame my passing remarks last week about the connoisseurs of snowdrops. They made these experts sound slightly eccentric, which of course they are not, and prompted me to pay my respects to other keen gardeners who might seem "*eccentric*," *while fighting* a very good cause. Expert contrivers of compost come top of this list.

Few of you realise what rubbish you can usefully save for the garden. Banana skins were carefully kept out of one of the best compost heaps I know until their owner realised that they could be applied as a powerful source of nitrogen. The ash of a banana skin contains about 40 per cent nitrogen but there is no need to burn one in order to free this for your cabbages. *Allow* the organic waste on the compost heap to release it for you.

If you knew this one already, I doubt if you could match the art of another friend whose husband raises commercial chickens and leaves her a free hand with the feathers. *Feathers, she soon found*, were teeming with 10 per cent nitrogen and could be rotted down if massed with a little chicken manure and three times their bulk of unwanted green stuff. After four months, the odd quill pen is still sticking out of the heap, but those soon disappear when she applies them to the winter greens.

She thought she had the cleverest trick until a member of the same *gardening* club remarked that she preferred to pile up her own hair.

Hair, over the ages, has had the least likely uses, from powering the early types of artillery to feeding the spinach in Middle Eastern gardens. Its nitrogen content measures up to a feather's and is easily released after a long composting. Skeins of hair rot deliciously if they are wedged between layers of fresh green stuff and kept well watered. There must be an artist somewhere who could bring a still-life scene of this to life.

Brunettes among the brassicas or redheads on the rubbish heap: you can take your pick and so long as you leave the hair to fester for six months, you need not worry whether it has been tinted or blue-rinsed. If the barber refuses to do a deal, you can apply to the local slaughterhouse which usually ships out hair by the bale. Naturally, you cannot dig it straight into the ground, but must rot it all first.

The more outré your compost materials, the better they are likely to do the job. This principle was proved by the king of the British compost heap, Sir Albert Howard, who showed that a heap with various ingredients *would rot more quickly* than one of a single product.

At the Indore Research Station in India, Sir Albert developed the leading method of making compost, the so-called Indore heap. This is not the Indian spelling for a heap inside the house, but it stands for the layered type of compost-sandwich, made mainly of rotting green vegetables with intervening spreads of earth, a *sprinkling of ground chalk and* the less usual types of ingredient.

The vegetable waste takes up about three-quarters of the pile and works wonders on the hair, feathers, tea leaves, fruit skins or refuse which you lay between it.

This heap sounds very simple nowadays, but nobody trusted it until the 20th century and Sir Albert's experiments. Composting is a modern invention, brought to the boil by these tests in India. Howard's retrospective book, An Agricultural Testament, has always struck me as a minor classic.

Nowadays, compost bins are popular and you all know better than to put your heap on a concrete base where the sandwich cannot drain and the mixture does not rot so healthily. The leading style of bin was the brainchild of New Zealand's Humic Compost Club no less, who pioneered the type with three fixed sides, gaps between the slats and a movable front.

As for the ingredients, I am sure you all avoid rubber, metal, the tops of milk bottles and all sorts of grease or meat which attract flies and turn a menacing shade of green. I also hope *that you are very wary of* wood ash and sawdust. Never apply these variable dressings directly to your soil.

Coal and coke ashes are strictly for paths only, while sawdust has to be weathered in a separate layer before you try to rot it. A winter will help to turn it the proper red brown, but until it is a home for worms, I would not try to mix it into a heap. Fresh sawdust has to hang around *for a year before* it is any use as a garden dressing.

More positively, I would remind you of the value of bracken. Visitors to the RHS gardens at Wisley, may have noticed the use of the surrounding brackens in the seasonal top dressings but they may not know that brackens reputation for deterring slugs.

If you are living in the thick of it, cut the green growth in mid-summer when its potash content is circulating up the stems. Keep it wet and well mixed with other vegetable wastes and the thin layer of farmyard manure which every sandwich on the Indore principle ought to contain. When the bracken rots, its potash is a valuable replacement for soils which have housed potatoes. By cutting the beastly bracken down in the first place, you weaken its advance and do yourself two good turns at once.

Again and again, keen composters return to the wisdom of mixing materials. Bracken by itself is dry and resistent, just as lawn mowings are soggy and compacted. Mix them with green waste or dry fibrous matter and at once you counter these unwanted qualities.

A thin filling of manure, a dressing of ground chalk against acidity, some compost activator like the well-named Quick Returns: pile them all between the broader layers of green matter, and you will soon be turning your own piles of hair into next season's bed of roses.

FT COMMERCIAL LAW REPORTS

War not breach of 'safe port' warranty

KODROS SHIPPING CORPORATION OF MONROVIA v EMPRESA CUBANA DE FLETES

Court of Appeal (Lord Denning, Master of the Rolls, Lord Justice Shaw and Lord Justice Ackner): February 5 1982

WHERE A charterer warrants that the chartered vessel will only be employed between "safe" ports, he must ensure that the set-up of any port used is such that the vessel will be safe if handled with care, and he is not in breach of warranty if the port becomes unsafe through war or other abnormal events.

* * *

THE COURT of Appeal so held (Lord Justice Ackner dissenting) when allowing an appeal by Empresa Cubana de Fletes, charterers, from a decision by Mr Justice Goff in the Commercial Court, reversing an umpire's decision that they were not in breach of a "safe port" warranty under a Baltime charterparty concluded with Kodros Shipping Corporation, shipowners. The court dismissed a cross appeal by the owners from the judge's decision upholding the umpire's finding that the charterparty was frustrated by war on October 4 1980.

Clause 2 of the Baltime *form* of charterparty provides: "The vessel to be employed . . . only between good and safe ports or places where she can safely lie always afloat or safe aground where vessels of similar size and draft are accustomed to lie safely."

Clause 21 provides: "(A) The vessel unless the consent of the owners be first obtained not to be ordered nor continue to any place . . . which will bring her within a zone which is dangerous as the result of any . . . war hostilities . . . (B) Should the vessel . . . be brought within such a zone . . . the owners to be entitled . . . to insure their interests in the vessel and . . . the charterers to make a refund of the premium to the owners. . . ."

*

LORD DENNING, Master of the Rolls, said that in May 1980 the Evia sailed to Basra. It was in a war zone but there was no anticipation that hostilities would affect the port.

The vessel was ready to leave Basra on September 22 1980 with eight months of the charterparty still to go, but hostilities broke out between Iran and Iraq and she was trapped, as were 60 other ships.

The shipowners claimed damages from the charterers on the ground that they had warranted that Basra was a safe port. The charterers said they were not in breach of the "safe port" warranty, and that the charterparty became frustrated on October 4 1980. They admitted liability for hire up to that time, but denied liability thereafter.

Under clause 2 of the charterparty a charterer warranted that the port would be safe from the vessel's arrival until her departure.

What then, were the characteristics of a "safe port"? It must be reasonably safe for the vessel to enter, and to depart, without suffering damage so long as she was well and carefully handled. Reasonably safe, that was, in its geographical configuration and in the equipment and aids available for the ship's movement and stay. In short, it must be safe in its set-up as a port.

Every port in its natural state had hazards. To be a safe port reasonable precautions must be taken to overcome those hazards, or to give sufficient warning to enable them to be avoided. In so far as any of those precautions were necessary and the set-up of the port was deficient in them, then it was not a "safe port," and a charterer was in breach of his warranty.

On the other hand, if the set-up of the port was good but nevertheless the vessel suffered damage owing to some isolated, abnormal or extraneous occurrence, unconnected with the set-up, he was not in breach of his warranty.

Although Basra was within a zone which was dangerous, it was itself a "safe port" when the vessel arrived and when she was being unloaded. The set-up, as a port, was perfectly good. When war erupted that was an entirely abnormal and extraneous occurrence. It rendered the port unsafe, but the unsafeness was not a breach of the safe port warranty.

As Basra was within a war zone, clause 21 (B) of the charterparty came into operation. Under that clause, if the vessel were damaged by shell-fire, the owners could recover from the insurers. It was inconceivable that they could also recover from the charterers for breach of the "safe port" warranty. The risk of damage due to warlike operations was clearly to be borne by the shipowners, and the risk of delay by the charterers.

The one remaining question was whether the contract contained in the time-charter was frustrated, and if so, at what date.

The umpire found that the contract was frustrated on October 4 1980, and the commercial judge agreed with him. On the same material in much the same circumstances, the arbitrators in *the Wenjiang* and *the Chrysalis* found for November 24 1980.

In *the Nema [1981]* 3 WLR 292, Lord Roskill said at page 312, that the "...tribunal, properly informed as to the relevant law, must form its own view...". There was nothing wrong with the arbitrators' findings in the three cases of *the Evia, the Wenjiang*, and *the Chrysalis*.

The court's task was to decide the present case. As there was nothing wrong with the umpire's decision, it must uphold his date of October 4 1980. If the awards in *the Wenjiang* and *the Chrysalis* came before the court, it might, in those cases, have to uphold November 24 1980. That difference was regrettable, but there was no way to avoid it.

The appeal should be allowed and the cross appeal dismissed.

LORD JUSTICE SHAW agreed. He said that clauses 2 and 21 had a direct impact on each other. The state of safety referred to in clause 2 was not related to external and adventitious factors which did not arise from some inherent quality of the port itself.

Clause 21 was a wide provision designed to cover dangers arising and developing from external and extrinsic factors which were not normal in relation to the port.

*

LORD JUSTICE ACKNER, dissenting only on the safe ports issue, said that clause 2 stipulated unequivocably that the vessel was to be employed between safe ports. It obliged the charterers to employ the vessel only in ports which were *safe*. The port was unsafe by reason of the hostilities in its vicinity and it was that characteristic which caused the delay. It was irrelevant that hostilities could be described as something abnormal or out of the ordinary.

Clause 21 had no impact on clause 2. Clause 21 dealt with zones which were dangerous and into which there was no obligation on the owners to take the vessel. Clause 2, on the other hand, concerned the charterers' employment of the vessel. There was no reference in either clause to the other and no form of linking. In construing clause 2 the insurance position must be disregarded.

The frustration was self-induced and the charterers could not rely on it as a defence to a claim for damages.

For the charterers: Nicholas Phillips QC and Jonathan Sumption (Coward Chance).

For the owners: Johan *Steyn QC, Nigel Legh-Jones and David Mildon (Ince & Co.).*

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

IT IS unusual for the Gold Cup and Grand National winners of the same season to clash over three miles in the following campaign, and there is sure to be a bumper midweek crowd at Ascot today to see Little Owl attempting to give Aldaniti 19 lb.

The two great chasers clash in the nine-runner Whitbread Trial, which also sees Sugarally *returning* to the fray.

Peter Easterby is confident that he has Little Owl back to somewhere near the form which saw the eight-year-old beating Night Nurse strictly on merit at Cheltenham in March, so I intend siding with the course and distance winner. Barring a careless error, he is likely to have too much class for Aldaniti.

Indeed, a greater threat to the selection than the national hero, who had a considerably weaker field to cope with in this event a year ago, is probably Sugarally. Last time out, George Fairbairn's nine-year-old was running on best of all, behind Bregawn and Megan's Boy in Doncaster's William Hill Yorkshire Handicap.

Prayukla did the trick for the Winter-Francome partnership in last year's Sapling Novices Chase, and many will be prepared to back the same team's Fifty Dollars More, who won the opening Datchet Novices Hurdle on this card in 1981.

Fifty Dollars More is enjoying another good season, having won three consecutive races before coming unstuck with a bad blunder at Newbury recently.

The Reynoldstown Novices Chase saw Easter Eel, completing a memorable Winter-Francome hat-trick 12 months ago. *This time, Uplands is without* a runner, leaving the champion free to take the mount of Les Kennard's Prosper You Can.

The seven-year-old is slowly beginning to find some form, but it is hard to imagine him coping with the principals, who include Seamus O'Flynn, Richdee and Drumlargan.

ASCOT
1.30—Gilded Gold
2.00—Fifty Dollars More
2.30—Hill Of Slane
3.00—Little Owl
3.35—Drumlargan***
4.10—Blake

LUDLOW
1.15—Lifestyle
2.45—Cumberland Basin
3.15—Furry Rock**
4.15—Barley Break*

TELEVISION

Chris Dunkley: Tonight's Choice

If you were limited to a ration of one night's television a week, tonight would be the night to choose. BBC2 starts a major new biographical serial, BBC1 revives a famous American Western series, and ITV screens a taster (well, an introductory meal, really) for a big forthcoming series about the decline of the British Empire. In addition BBC2's Chronicle offers a drama-documentary about Amelia B. Edwards, Victorian novelist turned Egyptologist.

Nancy Astor on BBC2 is a nine-part drama by Derek Marlowe telling the life story of the girl from Virginia who became the first woman to sit in Britain's parliament.

Maverick (an American) was the name of a series about a couple of western gamblers made in the U.S. between 1957 and 1962. Tonight, after a 20-year pause, Bret Maverick returns to BBC1 in a movie-length programme heralding a new series with James Garner still in the title role.

ITV's Surrender, made by the team preparing "End of Empire," describes what Churchill called "The greatest disaster and worst capitulation in the history of the British Empire": the fall of Singapore.

BBC 1

9.05 am For Schools, Colleges. 10.00 You and Me. 10.15 For Schools Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Postman Pat. 2.01 For Schools, Colleges. 3.05 Songs of Praise from St. Paul's Bristol. 3.40 Play It Safe! 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.10 The Story of the Treasure Seekers by E. Nesbitt.
5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide (London and South-East only).
6.55 Rolf Harris Cartoon Time.
7.25 Bret Maverick: Pilot film for a new Western series.
9.00 News.
9.25 Sportsnight: Athletics, Boxing, World Two-Man Bobsleigh Championship; plus news and results of tonight's football.
10.25 Parkinson with his mid-week guests.
11.18 News Headlines.
11.20 Oscar Peterson — Words and Music with guests Count Basie and Joe Pass.

BBC 2

10.20 am Gharbar.
11.00 Play School.
12.30-1.20 pm Open University.
1.45 Racing from Ascot.
3.50 Bowls: Embassy World Indoor Championship.
5.10 Prendeville's Finest Innings.
5.40 The Water Margin.
6.25 A Rainy Day.
6.30 The Making of Mankind.
7.20 News Summary.
7.25 The Master Game.
7.55 Chronicle.
9.00 M*A*S*H.
9.25 Nancy Astor.
10.20 Out of Court.
10.50 Newsnight.
11.35-12.15 am Bowls.

LONDON

9.30 am Schools Programmes. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 Play it Again. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus, presented by Mary Parkinson and Kay Avila. 2.45 The Six Million Dollar Man. 3.45 Definition. 4.15 Dangermouse. 4.20 Madabout. 4.45 Arthur of the Britons. 5.15 Mr Merlin.
5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 This is Your Life: Eamonn Andrews has a surprise for another unsuspecting guest.
7.30 Coronation Street.
8.00 The Benny Hill Show with Henry McGee and Bob Todd.
9.00 Minder starring Dennis Waterman and George Cole.
10.00 News.
10.30 Surrender.
11.30 Kaz.
12.25 am Close: Sit Up and Listen with Ian Partridge and his sister Jennifer.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
1.20 pm Anglia News. 2.45 Trapper John. 5.15 Happy Days. 6.00 About Anglia. 11.30 The New Avengers. 12.30 am The Big Question.

BORDER
1.20 pm Border News. 2.45 The Ante Room. 5.15 Radio. 6.00 Lookaround Wednesday. 11.30 Border News Summary.

CENTRAL
1.20 pm Central News. 2.45 Hagen. 5.15 Radio. 6.00 Crossroads. 6.25 Central News. 11.30 1982 Sutlins' Grand Masters Darts Championship. 12.00 Replay.

CHANNEL
1.20 pm Channel Lunchtime News, What's on Where and Weather. 2.45 Trapper John. 6.20 Crossroads. 6.00 Channel Report. 6.35 Ladies First. 10.28 Channel Late News. 11.30 Danger UXB. 12.30 am Epilogue followed by News and Weather in French.

GRAMPIAN
9.25 am First Thing. 1.20 pm North News. 2.45 Trapper John. 5.15 Private Benjamin. 6.00 North Tonight. 11.30 The Monte Carlo Show. 12.25 am North Headlines.

GRANADA
12.30 pm Mr and Mrs. 1.20 Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 The Multi-Million Viewer Audition. 2.45 The Ante Room. 5.15 Private Benjamin. 6.00 This is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 11.30 The Streets of San Francisco.

HTV
1.20 pm HTV News. 2.45 Bracken. 3.45 The History Makers. 4.45 Sport Billy. 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 Sing a Song with Me. 10.28 HTV News. 11.30 The Amazing Years of Cinema.

HTV CYMRU/WALES—As HTV WEST except: 12.00-12.10 pm Fistablam. 4.15 Y Rheilffordd Gudd. 4.45 Mr Merlin. 5.10-5.20 Dick Tracy. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Pethau Prin. 11.15-12.15 am Surrender.

SCOTTISH
1.20 pm Scottish News. 1.30 A Full Life. 2.45 Love Boat. 5.15 Trivial Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.20 Report. 11.30 Late Call. 11.35 Ladies Man. 12.05 am 1982 Sutlins' Grand Masters Darts.

TSW
1.20 pm TSW News Headlines. 2.45 Trapper John. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Scene South West/A Day in the Life . . . 10.32 TSW Late News. 11.30 Danger UXB. 12.30 am Postscript. 12.35 South West Weather.

TVS
1.20 pm TVS News. 2.45 The Ante Room. 5.15 Radio. 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 11.30 Jazz at the Millionaire: Panama Francis and the Savoy Sultans. 12.15 am Company.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 The Love Boat. 5.15 Private Benjamin. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 11.30 The Two of Us. 12.00 Anticipating Valentine's Day.

ULSTER
1.20 pm Lunchtime. 2.45 The New Avengers. 4.13 Ulster News. 5.15 Radio. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.30 Bedtime.

YORKSHIRE
1.20 pm Calendar News. 2.45 Trapper John. 5.10 Private Benjamin. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 The Jazz Series.

RADIO

(S) Stereophonic broadcast
† Medium Wave only

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S). VHF Radios 1 and 2—5.00 am With Radio 2. 8.00 pm Alan Dell with Dance Band Days. 8.30 The King's Collection (S). 9.00 The Folk Entertainers (S). 9.30 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 John Dunn (S). 8.00 Soccer Special. 9.30 Sounds of the Sun (S). 10.00 Pros and Cons. 10.30 Be My Guest says Kingsley Amis. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued) (S). 9.00 News. 9.05 This Week's Composer: Berlioz (S). 10.00 The Virtuoso Voice (S). 10.40 Enesco, concert (S). 11.10 Piano Music (S). 11.55 BBC Scottish Symphony Orchestra (S). 1.00 pm News. 1.05 Concert Hall (S). 2.05 Music Weekly (S). 2.55 Jazzman Talking: Benny Carter in conversation with Charles Fox (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Shems Progress: James Joyce and the Making of Finnegans Wake, by John Quinn (S). 8.00 BBC Symphony Orchestra from the Royal Festival Hall, London, part 1: Dvorak, Hindemith (S). 8.50 Six Continents. 9.10 BBC Symphony Orchestra, part 2: Brahms (S). 10.00 Scientifically Speaking. 10.45 Antonio Soler, piano recital (S). 11.00 News. 11.05-11.15 Irving Berlin (three songs on records).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek: Henry Kelly. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Around the World in 25 Years with Johnny Morris (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Zoo Talk. 4.00 Crooning Buffoons (S). 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News including Financial Report. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Profession of Intelligence. 8.30 A Sideways Look At . . . by Anthony Smith. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Quote . . . Unquote (S). 11.00 A Book at Bedtime. 11.10 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Breaking the mould of a corporate confection

Sir Adrian Cadbury maintains that big companies will have to restructure. John Elliott reports

THOSE CHANGES in management structure to have been introduced by companies in the past couple of years are not once-and-for-all reactions to the recession, but are part of a major change in industrial organisation that will continue till the year 2000.

More and more companies will be forced to decentralise their operations and shed fringe activities, while at the same time trying to maintain some central authority over their subsidiaries.

This is the view of Sir Adrian Cadbury, chairman of Cadbury Schweppes, who recently hit the headlines with a speech which predicted dramatic changes in the organisation of industry during the next 20 years.

Teams of equals

He suggested that large companies would be forced by economic and social pressures to develop into federations of smaller enterprises, that hierarchical management pyramids would be replaced by "teams of equals," and that employees would negotiate individual contracts for the hours they wanted to work.

Sir Adrian has been making speeches like this for 15 years or more. In the late 1960s he was foreseeing the problems associated with the growth of the large companies which he now believes must be gradually broken down into semi-autonomous sections.

Significantly, he can now point to recent developments within his own company which illustrate the trend. But he acknowledges that Cadbury Schweppes, which has 40,000 employees, also illustrates the limitations of what can be done quickly.

It has pulled its Chivers Hartley jam-making business out of its general foods division and has also kept its Kenco coffee business separate. In addition, it is closing down peripheral activities like printing.

Sir Adrian does not claim that any of this is unique, nor that it is a direct response to his own visions of the future. In another context he said recently: "Policies are determined by what actually happens in a business, not by what a chairman thinks ought to be happening."

Nevertheless, he and his senior executives recognise the business logic in cutting down their central bureaucracy. "I'm not saying that Cadbury Schweppes ought to break itself up as a coherent company and financial entity," says Sir Adrian. "But if it is to survive it must be able to respond to changes in the market place and to changes in work attitudes."

Sir Adrian based his recent speech (made at a Paris conference to celebrate the centenary of L'Ecole des Hautes Etudes Commerciales) on the theme that "the economic environment for tomorrow's companies will be characterised by instability, slow growth, severe competition and high unemployment."

To remain internationally competitive, companies would have to cut costs and become more flexible in the face of less predictable market conditions.

"To achieve these aims means reversing the trend of the last 20 years towards large centralised organisations.

"We will want to break these organisations into their separate business units and to give those units freedom to compete in their particular markets.

"Large companies will become more like federations of small enterprises, not because 'small is beautiful' but because big is expensive and inflexible."

Each business unit would also try to cut its costs by retaining under its direct control only those activities which were essential for its survival.

Sir Adrian envisaged that large businesses would follow the practice of small firms and rely more on specialist suppliers for services such as computing and design. Many of these suppliers would be self employed, meeting the increasing desire of people to organise their working lives as they wished.

The breaking down of bureaucracies would flatten management pyramids, enabling decisions to be taken without continual referral up and down hierarchical structures of authority.

Advances in computer technology would also help to change management structures. "When the computer was first introduced it had a centralising effect. Now computing power can be cheaply distributed throughout the organisation. As a result managements down the line can take decisions which they previously had to refer upwards because they now have access to the necessary information."

In the Chivers Hartley example, the company decided in 1979 that the jams business would operate best if it were freed from the general foods division bureaucracy which mushroomed after Cadbury and Schweppes merged in 1969. This division also covers tea, other hot drinks, biscuits and Smash instant potato.

Sir Adrian Cadbury: believes in not having all his eggs in one basket

Separate strategy

It has been easy to separate the jams because they have their own two factories: one near Cambridge and the other in Scotland. They also have distinctive sales requirements which are different from other foods. Now the jams division, with its relatively small workforce of 1,000, has its own headquarters at Histon outside Cambridge, away from the Bournville corporate headquarters. It is run by a relatively young management team, most of whom are in their early 40s.

"This has forced the top managers to develop a separate strategy just for the jams business," says Sir Adrian. "The people are close to their market and can meet competition with agility because they are not slowed down by having to refer back to Bournville where their views and operational decisions will be weighed up against other group interests before being approved."

"They form a coherent business with their own production, selling, and product development. But there is still a big group standing behind them."

Similarly, Sir Adrian says, it is logical for the Kenco operation to be separate because its business—supplying and servicing coffee making equipment for caterers—is quite different from the rest of the general foods division's activities. The size of Kenco—only 250 to 300 employees—helps to substantiate Sir Adrian's views of the future.

But he has to admit that it has not been easy to find many other candidates for hiving off. Most of the group's other activities overlap. For example, they are manufactured or packed on the same site, or they have similar marketing requirements and so logically share sales forces. Ways have therefore not yet been found of separating them into distinct operations like Kenco and the jams, although the group's top management wants to set up more cohesive units.

A start has been made, however, on shedding specialist fringe areas so that factories can concentrate on activities they know best.

"We may not be able to spin off the Bournville or Fry operations, but we can ask them to identify their basic essentials for efficient operation and then sell the rest. My grandfather even had a sawmill for making packing cases, and at Bournville for many years we've made our own packaging and done our own printing. One factory until relatively recently had carpenters who carved its own wooden lavatory seats.

"The question to ask is: 'Is it peripheral and if so should we be in it?'"

He believes that Bournville is better for having shed its printing works, which employed 60 out of a total 200-strong printing and packaging workforce. Bournville managers are primarily employed to make chocolate products, not keep up with advancing printing technology. So the wrappers were not always printed with the best available technology.

And, possibly even more important, the printers tended to relate more to printers elsewhere than to Cadbury employees on pay and conditions claims. "Getting rid of things helps labour relations because it builds units concentrating on their own speciality," says Sir Adrian. "It also simplifies management structures—so now you've got the smaller units and the employee involvement I'm talking about."

Behind the furrowed brow of Massey-Ferguson

THE rise and fall of Massey-Ferguson is a cautionary tale for managers, investors, lenders and not least for journalists like myself who regarded the company during the 1960s as a model of the enlightened, well-run multinational. From a fascinating history of the company written by a Canadian journalist, Peter Cook, five lessons emerge:

1. The perils of diversification

Under the two men who dominated the company for long periods—James Duncan from 1927 to 1956 and Albert Thornbrough from 1956 to 1978—expansion outside Canada was a central objective. Unable to overtake John Deere and International Harvester in the U.S., Thornbrough conceived an ambitious plan for a worldwide network of factories, with products adapted to local needs and production integrated and rationalised so as to maximise profits under varying economic and political conditions.

These objectives, Cook writes, "tended to sanction growth for its own stake, to legitimise the notion that Massey could operate profitably in any country at any time because production could be integrated worldwide." In fact such economies of scale were to be very hard to achieve. And the larger Massey became the more vulnerable it was to economic and political conditions on a global scale."

The same excess of ambition led to the disastrous venture into construction equipment. This was to be the third leg in Thornbrough's "three-legged-stool" (the others being farm machinery and diesel engines), but the company never had a realistic chance of being competitive with the leaders in the field.

2. The importance of product development

Massey was the first company in the world to introduce (in 1935) the self-propelled combine into mass production. But too often the company allowed product development to slip back. In the 1920s the company failed to move aggressively into the new market for tractors; Massey limped along in this sector and the problem was not finally solved until the merger with Ferguson in 1952. Similarly in the 1970s diversification into other businesses led to a neglect of farm machinery; the company began to lose market share in two crucial areas, large tractors and combine harvesters.

3. The value of a concerned shareholder

After the Massey family sold out in 1927, the shares were widely diffused until the emergence of Argus Corporation during the second world war. With a 12 per cent holding in Massey, the key men in Argus—Colonel Phillips, E. P. Taylor and Bud McDougald—looked after the company's financial affairs and nurtured its growth. The partnership between Phillips as chairman and Thornbrough as chief executive was cordial and constructive. But after the death of Phillips in 1964, Argus' role became more passive; the sense of proprietorial responsibility began to fade.

There was no restraining band on Thornbrough's ambitions, while the subsequent rifts within Argus—culminating in the decision by Conrad Black to sell the Massey shares in 1980—contributed to the eventual crisis.

4. Decentralisation can go too far

According to Cook, one of Thornbrough's worst decisions was the management reorganisation in 1972, which created four executive vice-presidents whose power was exercised outside Toronto and often outside the purview of Thornbrough himself; their respective responsibilities were for the Americas, for Europe, for Africa, Asia and Australasia, and for Perkins Engines.

The four men, all potential successors to Thornbrough, wielded independent power in their own fiefdoms; head office control was weakened and internal rivalries became more important than the health of the business as a whole. Abolition of this baronial system was one of the first steps taken by Victor Rice when he became president in 1980.

5. A chief executive can stay too long

"The company has done well," says Cook, "when its presidents have been young, vigorous, and fresh with new ideas. Later, when the same presidents have become accustomed to the exercise of power and complacent in using it, the company has invariably run into problems."

By the mid-1970s, Thornbrough had been at the top for two decades and his position had become an isolated one. "Having achieved a great deal, the president of Massey had become an unshakeable optimist. To inform Thornbrough of problems was to run the risk of being considered defeatist, and a negative thinker." Thus when the farm cycle took a downturn and earnings plunged, the whole edifice came crashing down. The company was burdened with a staggering load of interest and principal payments that it could not meet.

Massey at the brink, by Peter Cook. Collins Publishers (100 Lesmill Road, Don Mills, Ontario). $19.95.

Geoffrey Owen

Business courses

Using Modern Computers in Business, Cranfield. March 14-19. Fee: £720. Details from Using Modern Computers in Business, Cranfield School of Management, Cranfield, Bedford, MK43 OAL.

Skills of Production Planning and Control, Orpington. February 26. Fee: £87 (plus VAT). Details from Purchasing Economics Limited, Pel House, 35 Station Square, Petts Wood, Kent BR5 1LZ.

The Younger Managers Course, Berkhamsted. February 22-March 12. Fee: £1,720 (plus VAT). Details from The Registrar, Asbridge Management College, Berkhamsted, Hertfordshire HP4 1NS.

Introduction to the Hardware and Software of Microprocessors, London. February 18-19. Fee: £195. Details from University of London, Senate House, Malet Street, London WC1E 7HU.

THE ARTS

Television

Not yet the 9 o'clock blues

by CHRIS DUNKLEY

Much anxiety is being expressed about *Not The Nine O'Clock News*, lest it should, without its participants realising it, become flabby and unoriginal while resting on its laurels. They have no need to worry; they will be left in no doubt if once they start to sag. The opening episode of their new series was at least as taut and as good as they have ever done. My only complaint is that at 25 minutes the programme is too short, though no doubt it is a hectic rush to fill it since much of the material (unlike, say, *OTT* and in violent contrast to *Bizarre*) is genuinely topical. Any programme can generate publicity-building complaints by getting its participants to take their clothes off, but you have to wait for *NTNON* for a couple of jokes which have Britain's self-appointed defenders of Polish dignity rushing to complain while expatriate Poles fall about laughing.

This week's demolition of *Game For A Laugh* was justifiably ferocious and the final item last week, "Nice Video, Shame About The Song" had the quality of all true satire: it showed that those poking fun were as good and better at producing the parodied material than those being ridiculed, in this case the pop-packaging merchants who wrap ludicrously elaborate and wildly expensive layers of glossy video material around mediocre or dreadful songs.

*

Notwithstanding that claim about generating publicity by inspiring complaints, in 1982, with armed nuclear warheads constantly circling the globe to "protect" political systems, and people as close to home as Northern Ireland still slaying one another in the name of one and the same god. You must, surely, be slightly dotty to believe that the late night programme *OTT* is undermining civilised values by allowing women to bare their breasts and men to dance about in nothing but toy balloons. Yet that, one gathers, is the gist of most of the complaints made. Can you wonder that the younger generation sees its elders as a lot of lunatics?

My own objection to *OTT* is twofold: it is not funny enough, and it emasculates those who are funny. Chris Tarrant has an attractively offhand attitude about the mystique of television and an engagingly laid-back style of presenting the whole thing, yet the entire show seems dreadfully contrived, perhaps because everyone works so hard at the spontaneity. We know from *Three Of A Kind* that Lenny Henry has a wonderfully original comedy style, but the material written for him in *OTT* isn't good enough. He tries to compensate with "funny" hats and "funny" voices which are so unfunny they make you wince.

Worst of all is the effect upon Alexei Sayle. When I went to see him live in Soho he made me laugh so much I fell off the seat and banged my chin on the one in front. *OTT* manages to convey about half his true frenzy and none of his bite. He can be the most startling comedian since Lenny Bruce, but that will not come across on television because, whatever the telephone complainers may believe, television is the least permissive of our mass media.

*

It is no doubt a cheap way of filling up a late night hour, but London Weekend's screening of secondhand German variety programmes indicates an extraordinarily cavalier attitude towards its English-speaking audience. Sunday's *Star Parade* brought one song in English (all right, Swedish American) from Abba, their 1977 recording "Take a Chance On Me," a couple of nondescript numbers from Cliff Richard, and one Irish ballad from another singer. The rest were in German, which is hardly surprising in a programme made by Zweites Deutsches Fernsehen.

While on the subject of London's programmes, if *London Talking* never achieves anything else its very first edition should at least have persuaded a few ITV mandarins of something that has been known for years to those of us who meet and talk about television to various public groups fairly often: that a large majority of viewers dislike the double diet of sport on *ITV* and *BBC 1* on *Saturday* afternoons. Since this monthly series of televised meetings is to limit itself, apparently, to discussing ITV programmes and therefore to ITV personnel such objections, though they cause passionate fury among many viewers will—it seems for the evidence of Programme 1—be ritually off-loaded on to the absent BBC, thus ensuring that the whole business lives up to its title: mere talk.

*

TVS, the Southampton-based company which won the ITV licence from Southern, made an impressive debut on the national network last week with the hour long programme *Test Tube Explosion*. Its structure was hardly revolutionary: to tell the story of Steptoe and Edwards pioneering in vitro fertilisation producer/reporter Peter Williams used interviews, diagrams, film of the process in the laboratory, occasional microphotography, and so on. But that is not to suggest that such programmes are easy to get right. Williams had to cover not just the practical but also the angels-on-a-pinhead type of controversy surrounding the question of when an embryo acquires rights.

The strands were plaited together very neatly, only the matter of costs and profits from this non-NHS enterprise being notably absent. We must hope that this is merely the first of many such clear and efficient programmes on scientific subjects, an area in which television — especially ITV — has been far from strong. The space between BBC 2's *Horizon* (which this week followed a film about individuality with a conclusion about chloroplasts and mitochondria which seemed to have precious little connection) at one end and ITV's science snippet programmes with Magnus Pyke waving his arms at the other end is huge and empty.

*

Writing here two weeks ago I pointed out (again) that "arts programmes" deal almost exclusively with "fine" arts and very rarely consider those forms such as advertising which affect most viewers and exemplify the contemporary zeitgeist just as much as church frescoes did for the Italian renaissance. Lo and behold—well, no doubt it had been in the pipeline for months—Sunday's *South Bank Show* was devoted entirely to a consideration of television commercials by Germaine Greer.

Unfortunately the worthwhile things she had to say took about 10 minutes whereas the programme lasted an hour. It was a surprisingly loose, gushing and inconsequential bit of work from somebody with such a reputation for incisiveness. She should not, of course, be criticised for failing to go into the question of whether commercials actually work since the *South Bank Show* was presumably interested primarily in aesthetic considerations. To be fair, that was my main interest too.

However, there is another programme to be made, possibly a series, and perhaps the BBC will have to make it, investigating the mystique and all the questionable claims which surround commercials. If Marks and Spencer, Sainsbury's and in America, Hershey bars, can all achieve leadership in their fields without paid advertising, simply by providing good quality at the right price, what does that say about all the other consumer goods firms paying thousands for their commercials?

Of course some "informational" advertising (like most of the advertising in this newspaper) is vital, and some articles such as innovatory machines selling at high capital cost may need commercials more than other goods. But I have a deep suspicion that many of the most repetitive commercials — for beer, soap powder and so on—are useless at best, counter productive at worst. One American research programme showed that, if anything, a beer campaign was actually increasing sales of competitive brands.

Rowan Atkinson and Pamela Stephenson in Not The Nine O'Clock News

Royal Court

Operation Bad Apple

by MICHAEL COVENEY

G. F. Newman's stunning, absolutely riveting play is described as "a fictional account of the impact of an investigation into corruption within the Metropolitan Police Force by a provincial constabulary." Newman is well known as a novelist and television writer (he wrote the *Law and Order* BBC series). If *Z Cars* was an innovative job of updating the image of the British bobby as embalmed in *Dixon of Dock Green*, Newman's writing is the *hand grenade* flung with the intention of obliterating that image beyond recall.

Quis custodiet custodes? If Newman is indeed a man with a mission, his first stage play is nonetheless bristling with punchy humour, realism and what sounds like a considerable amount of inside knowledge. The tale grips like a vice from start to finish, and vice is the key word. The Wiltshire police turn up not one or two bad apples, but a whole rotten barrel. The Assistant Commissioner at the Met, Peter Vyvyan, is first seen welcoming the investigation; he immediately retires to the tranquillity of Esher to collect his cut of over £3,000 from a criminal fit-up. Late in the second act we hear of spoils taken by Met officers after a payroll robbery. "Did the robbers get anything themselves?" inquires an astonished West Country inspector.

By this time the drama has gelled around the fate of Detective Chief Inspector Terry Sneed, a sly and supercilious cog in the wheel who has shredded evidence that would incriminate not only senior officers but also Cabinet Ministers—but only after photocopying the documents and stashing them in a safe deposit account. Sneed (Patrick Malahide) has been sold by a Detective Sergeant (Colin McCormack) to save his own skin, but Sneed insists on implicating everyone else.

Patrick Malahide and Colin McCormack

Leonard Burt

Once Vyvyan is hooked, the Director of Public Prosecutions arrives to begin the cover-up, committing Sneed to psychiatric attention. In a lovely scene, typical of the deftness in the piece, the psychiatrist (whom Richard Wilson doubles with Vyvyan) becomes interested in Sneed's boating hobby and trails off his interrogation with a proposition of mutual benefit.

Fiddling, the play suggests, is what binds policemen and criminal in a system finally protected in the interests of the Establishment, symbolic characters of which are seen tapping a golf ball around in plus fours. An independent element on an inquiry that has lasted 17 months and cost the nation £2m is arranged by the introduction of senior Met officers to the investigation. Sneed closes the play, as Vyvyan began it, with an ingratiating address to the harbingers of objective justice.

Max Stafford-Clark's production, brilliantly cast and blessed with a dream-like mobility on a bare stage (superb lighting by Geoff Mersereau), makes the best of spreading the parts among seven actors. The stage hums with such potent, glancing observations as the police being as little in touch with each other's family lives and circumstances as they are with their own.

St. John's, Smith Square

Lindsay Quartet

No doubt the majority of the audience at Monday's BBC lunchtime concert went along to St John's to hear Janet Hilton and the Lindsay Quartet play Mozart's Clarinet Quintet. And a very good account they gave of it: warm and fluent, not resisting the temptation to linger occasionally over toothsome phrases and giving the finale unusual weight and expressivity. But the Lindsay had preceded the Mozart with a short yet significant British premiere.

Gyorgy Kurtag's set of twelve *Microludes* for string quartet plays for a little under ten minutes. The pieces were written in 1977 and 1978 and are dedicated to the memory of the Hungarian composer and teacher Andras Mihaly. Kurtag has written sets of "microludes" before, as part of his set of piano-teaching pieces *Games*. Bartok was one of the models for that piano work and in the pieces for quartet also there are echoes and at one point even an apparently literal quote. But the miniaturism of the work inevitably recalls Webern also. In the intensity and spareness of the writing and the immediacy of the gestures they fuse two disparate influences quite memorably.

Each of the pieces centres on a different note, rising chromatically from the cello's pedal C that dominates the first piece to the B that underpins the close of the last. Between these fixed points, however, there is a succession of finely concentrated studies: icy expressionless chorales, scherzos that glitter and spit, a latterday piece of Bartokian "night music," a delicate lyrical fragment unwound over fine spun harmonies. The pieces were written originally for the Eder Quartet, and the Lindsay Quartet should be congratulated for taking such a gem into their repertory.

ANDREW CLEMENTS

Canada House

Inaugural concert

The Cultural Centre of Canada House has acquired a handsome new auditorium, an intimate setting (of good "chamber" dimensions) for the exhibitions of Canadian music and Canadian performers that are promised in the coming months. The raised platform seems capable of accommodating a comfortable small number of musicians; the slightly dull acoustics (deadened by the carpeting?) and the omnipresent whirr of air-conditioning limit to some extent the promotion of a truly enlivening atmosphere—the determinedly neutral colouring likewise.

Three of the leading Canadian opera singers in London, Lois McDonall, Ludmilla Andrew and Emile Belcourt, had worked up a festive recital programme to break in the hall. Miss Andrew and the pianist, Roger Vignoles, did that, at the start, in the time-honoured way, with "Dich teure Halle." Thereafter, the succession of arias in the first half filled the place—to the verge of discomfort, at times—with sizeable sounds; in truth, little of the selection was ideally matched to the performers, though Miss Andrew's idiomatic Russian pronunciation and forthright delivery told in Tatyana's Letter Scene, and Miss McDonall floated Adriana Lecouvreur's entrance air fetchingly. The Boleyn-Seymour scene from Donizetti's *Anna Bolena* (Miss Andrew in her Glyndebourne role of Anne) made a broadly energetic half close.

The second part, in which the singers let their hair decorously down (and Mr Vignoles seemed less unpractised in his playing), was more fun. Three "Kiss" songs, by Herbert and Romberg, are just the sort of thing likely to please an audience of this kind, especially when sung with Miss McDonall's sweetly-sad caress and delicate half-smile (she has real mastery of the repertory, as her "I dreamt that I dwelled in marble halls" at a recent ENO gala made clear). The tenor was familiarly dry of tone but lively of expression in four French-Canadian folk ditties, ensemble numbers from *The Mikado* and Offenbach's *Moucheron* went gamely by. Little real beauty of tone all evening, but a distinct feeling of three genuine artists in a new light. Now we look forward to more adventurous, musically more nourishing evenings in the hall.

MAX LOPPERT

Festival Hall

LSO by DAVID MURRAY

In fact the soloist, and an odd little concert premiere, were what made the London Symphony concert on Monday especially interesting, though the orchestra had Berlioz' *Symphonie Fantastique* to get its teeth into after the interval. First there was a forgotten set of variations on "God rest ye merry, gentlemen," composed by Benjamin Britten in 1947 and entitled "Men of Goodwill." It was commissioned as accompaniment for a Royal Christmas broadcast but has not been performed again until now (in a version tactfully adjusted by Colin Matthews for the concert hall).

Its eight-minute length includes four variations and a brief finale, all unmistakably Brittenish but with no substantial ambitions. The old tune is put through predictable paces, with small, characteristic dislocations of its harmonies — listeners who paid attention in 1947 might have been puzzled. The innocently fugal finale was not actually used for the broadcast, and makes an unremarkable conclusion now; the striking patches are a rattling mock-medieval Dance and a soft, suspended Andantino. The latter variation raises its voice at last in a loud *espressivo* sigh for all the woodwinds. The conductor Neville Marriner made too little of that, I thought, but the rest of the piece sounded idiomatic and efficient.

The interesting soloist was Bella Davidovich in Chopin's "second" Piano Concerto, the F minor. She is a splendid Russian pianist (now resident in America), distinguished by high mettle and full, clear tone — one rarely hears every one of Chopin's notes so judiciously articulated. Nothing to do with pounding, I must add hastily: the effect is rather as if Miss Davidovich held it a fault to let *anything* slip by the audience. The decorative arabesques of the Larghetto were rolled off with extreme grace and a kind of loving objectivity — no private winsome touches. The mercurial air of the Finale was caught at once, though the pianist's robust left hand kept the dance rhythms firmly on the ground: the fantasy never quite took wing. It remained playing of great character, in which that earthiness is a particular strength.

Musical 'Masquerade'

A rock musical version of *Masquerade*, Kit Williams's fantasy adventure, will be presented at the Young Vic from March 5.

Roger Rees, who has recently returned from a Broadway season in the Royal Shakespeare Company's *Nicholas Nickleby*, will head the cast as Jack Hare.

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12 Vessel relied on by Cook? (7)
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14 Furious artist on offer (5)
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2 Where natives mainly go to rest (6, 3)
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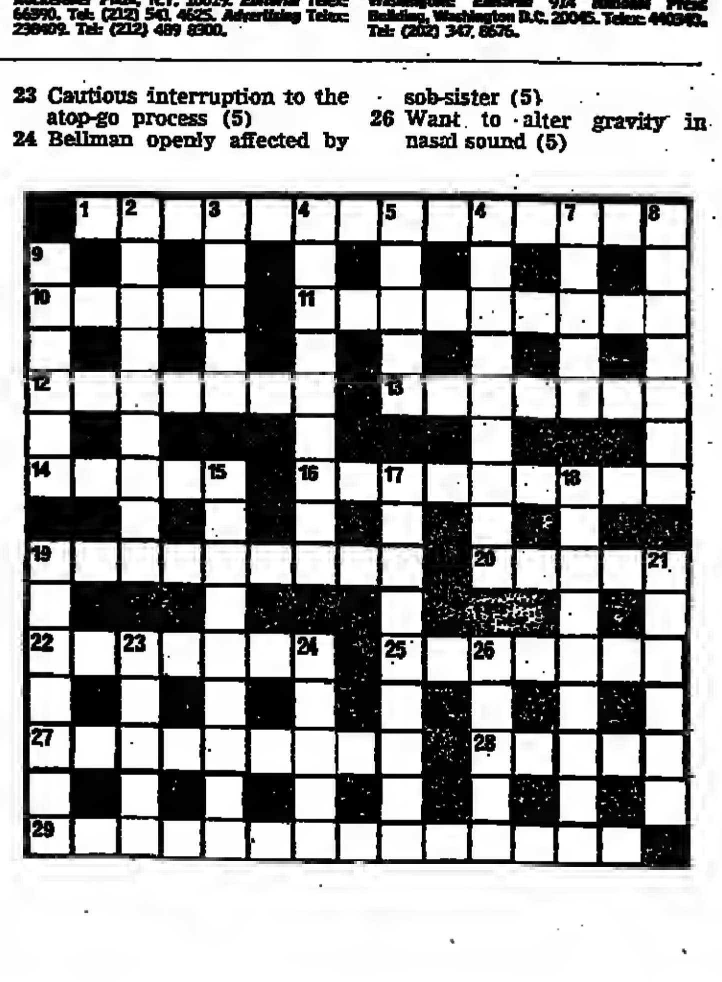
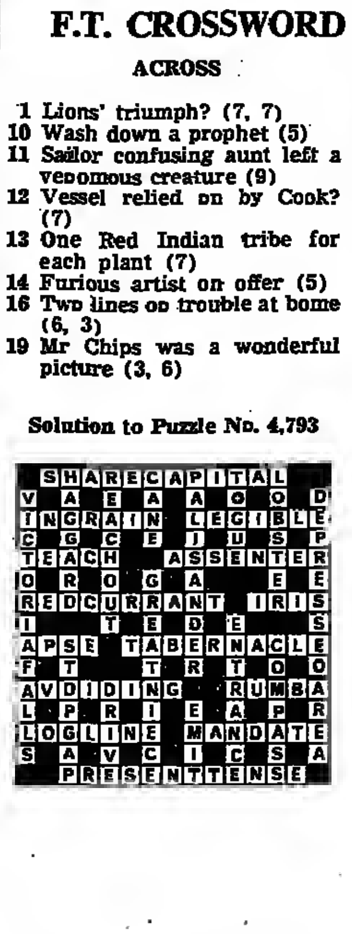


Solution to Puzzle No. 4,793



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Wednesday February 10 1982

Money supply in limbo

THE PARALLEL is irresistible; Sherlock Holmes's dog in the night must make one of his regular appearances in these columns:

"I would draw your attention to the significance of the dog in the night."

"But the dog did nothing in the night!"

"That is its significance."

Message

Yesterday's significant non-event was, of course, the publication of the latest banking figures. These showed a seasonally-adjusted rise of £1.5bn in bank lending, almost entirely accounted for by the activities of the Bank of England itself in the bill market, and an estimated rise of 1¼-1½ per cent in the broad money supply, Sterling M3. This implies that the growth of the money supply for the current year, which has been rising at an annual rate of 15¼ per cent in the first 11 months, will overshoot the upper end of the intended range by 3 to 4 per cent.

This is considerably worse than earlier warning would suggest: but it is clear that the authorities have no plans to do anything about it. They proclaimed their calm by issuing a new tap stock on Monday, and rubbed the message in with their unresponsiveness yesterday. For all practical purposes, we have no monetary target: an unpublished exchange rate target has taken its place.

We have recently stated our belief that the exchange rate is a better guide to the stance of monetary policy than any or all of the various measures of the quantity of money, so we are not disturbed by this display of calm. However, we must be disturbed when the Government continues to preach one strategy and practise a quite different one. A stated exchange rate target should have considerable influence on price-setters and business planners; an unpublished and therefore moveable target carries no such conviction. We hope that the Chancellor will make it clear next month that the Government is firmly committed to maintaining the external value of sterling.

Such an undertaking may well seem rash at a time when U.S. policy seems to be committed to a regime of excessive government borrowing and correspondingly high interest rates. However, recent events in the markets suggest that this dilemma is not quite as stark as it may have appeared. The excesses of the Reagan budget may well imply high U.S. interest rates but they also imply a weak U.S. current account and appear to have reduced investor confidence in the dollar. Sterling has remained broadly stable in effective terms despite a very large swing in relative interest rates.

It should also be noted that pressure in the credit markets is an international phenomenon; a U.S. deficit could well be accommodated without excessive pressure in a world in which other countries are so managing their affairs as to generate an outflow of capital. Yesterday's good figures for UK government borrowing and the continued strength of the current account go far to explain why it has been less painful than expected to stabilise the exchange rate. Living with U.S. policy remains uncomfortable but the alternative of depreciation and inflation would be still more so.

Outlets

However, yesterday's official inaction still begs a rather large question. Does the growth of the money supply, the subject of so much effort and frustration, mean nothing at all in present circumstances? There is quite a strong intellectual case for arguing that in a regime of freedom from exchange controls and banking innovation, the broad money supply has little significance as a forward economic indicator, or as a test of the stance of policy; but it is still an important banking statistic.

What yesterday's figures do suggest is that further thought should be given to the unbridled growth of the clearing banks, financed largely by the so-called "windfall" profits arising from their interest-free deposits. The authorities have already asked for restraint in what they suspect is second-mortgage lending, possibly to finance stock market speculation; but hungry banks will still find new outlets. Banking discipline is still needed even if monetary targets are in limbo.

The trouble with work sharing

WORK SHARING to give more people jobs is a beguiling idea at a time when 28.5m people in the industrialised countries of the OECD face the prospect of being unemployed this year. Trade unionists and others in many countries have pursued proposals for work sharing of one kind or another.

In France the debate is coming to a head as the Government of M Pierre Mauroy presses on with its plan to lop one hour off the present legal 40-hour week as a first step towards going down to 35 hours. M Mauroy will tomorrow try to arrive at some sort of consensus between employers, who are afraid of incurring extra costs, and trade unionists who, while not entirely united, support the proposals of the Socialist-Communist coalition.

Wages

To do him justice, M Mauroy and his Minister of Labour, M Jean Auroux, have taken a realistic attitude. The Prime Minister put it most pungently when he said on Monday that "to talk work sharing means to talk income sharing." That remark has not endeared him to the Communist unions joined in the CGT.

In practice it means that the trade unions will be asked to forego something that unions everywhere have almost always insisted on: that hourly wages must be lifted to compensate the workers from the loss of income that must otherwise result if the working week is reduced.

Simple arithmetic might lead one to the conclusion that without such compensation an equal amount of work and wages would be shared among a larger number of people: the magic would have worked. Experience, unhappily, does not bear out such simple arithmetic. Recent studies sponsored by the Anglo-German Foundation in London point to the conclusion that the benefits of cutting hours are doubtful.

One of the studies, made by PA International Management Consultants deals with Britain—maybe not typical of the industrialised world, but not entirely abnormal. The study concluded from a survey of 30 companies that a 10 per cent cut in working hours (not so far removed from the 12.5 per cent cut to 35 hours proposed eventually in France) would increase the number of workers needed to maintain employment by 7 per cent. It would also add 7 per cent to unit labour costs.

It would require money to be spent on investment and cut into profits, an unwelcome combination during the present period of universal financial stringency.

The case looks a bit different if you postulate a much lesser reduction of the working week—say by the one hour or 2½ per cent which is the Mauroy Government's immediate target. Given the present, almost world wide under-use of industrial capacity such a reduction would widely be overridden by drawing on reserves of productivity.

Increased productivity is, of course, beneficial in itself, just as humane considerations speak for giving workers more leisure. But the corollary of the argument is that the beneficial effect of work sharing on employment will not be felt fully unless productivity, measured as output per man, is allowed to drop. That is not a happy choice for European industries beleaguered by their competitors in Japan.

Much the same arguments apply to another proposal for work sharing by extending holidays. A third possibility, that of early retirement, looks somewhat different. Some of the cost would shift to the state-funded old age pension schemes.

Argument

The French Government takes the view that work sharing would have an important secondary effect by giving more people proper incomes and releasing a stimulus for the economy from consumer demand. That hope is shared elsewhere—for instance the German trade unions, though they have not pressed the point recently.

The case is arguable, even though it does tacitly admit that extra purchasing power will be created—if not by higher labour costs to industry then by some other means. The argument against, and it applies to all work-sharing except on the most temporary basis, is that rigidities in the depressed industrial economies would be enhanced. What they need is not more workers, producing goods which have proved uncompetitive or unsaleable, but a switch to goods which have a market.

PETROCHEMICALS

Race against time for traditional producers

By Sue Cameron, Chemicals Correspondent

THE Europeans are doing it behind closed doors. Sometimes half-heartedly. Always fearfully. Continually wondering if the competition laws will find them out.

The Americans are doing it openly.

But the Japanese are doing it with MITI—their Ministry of International Trade and Industry.

Never have the world's traditional petrochemical producers been more aware of the urgent need to restructure their industry.

The recession has focused a glaring spotlight on the chronic, universal problems of overcapacity, of weak prices and of too many companies competing in markets where growth rates have shrunk dramatically.

The Japanese, under the aegis of MITI, are taking concerted, national action—see below. U.S. companies, with a weather eye on the Federal Trade Commission, are acting independently to reduce planned investment and cut back production—as opposed to cutting product prices. And the Europeans, with the EEC competition laws very much in mind, are furiously engaged in bilateral horsetrading.

Japan's petrochemical industry—nurtured by the Government with special subsidies and tax concessions—grew rapidly until the early 1970s. Between 1965 and 1970 the country's output of ethylene—used in the manufacture of a wide range of products from plastics to solvents—increased by some 30 per cent a year.

Today Japan has no fewer than 12 ethylene producers, 17 manufacturers of PVC plastic (polyvinyl chloride) and at least 10 makers of LDPE plastic (low density polyethylene).

The pattern in Western Europe has been much the same. Demand for fibres and plastics—both made from petrochemicals—grew at a rough average of 25 per cent a year in the 1950s, at 15 per cent in the 1960s and at a still healthy 10 per cent per annum during the early part of the 1970s. Investment boomed and by last year Western Europe had an effective ethylene capacity of some 15m tonnes a year while the figure for

THE WORLD'S TOP CHEMICAL COMPANIES IN 1980

Sales	$m
Hoechst	14,109
BASF	14,071
Bayer	13,801
ICI	13,487
Du Pont	13,652
Dow Chemical	10,626

Source: Mike Hyde's Chemical Insight

LDPE plastic was 5.4m tonnes a year. Today the region has 30 ethylene producers, 26 PVC producers and 23 manufacturers of LDPE.

But between the balmy days of the early 1970s and now there have been two world oil crises and a vicious recession. Demand has plummeted—dropping by as much as 30 per cent in the case of some petrochemicals and plastics; average capacity utilisation has dropped sharply—between 1970 and 1980 it went from an estimated 87 per cent to 67 per cent in Western Europe and from 91 per cent to 68 per cent in Japan with further falls last year; product prices have weakened and the West European plastics industry is currently thought to be losing around £100m a month; and the cost of oil-based raw materials, such as naphtha, has soared.

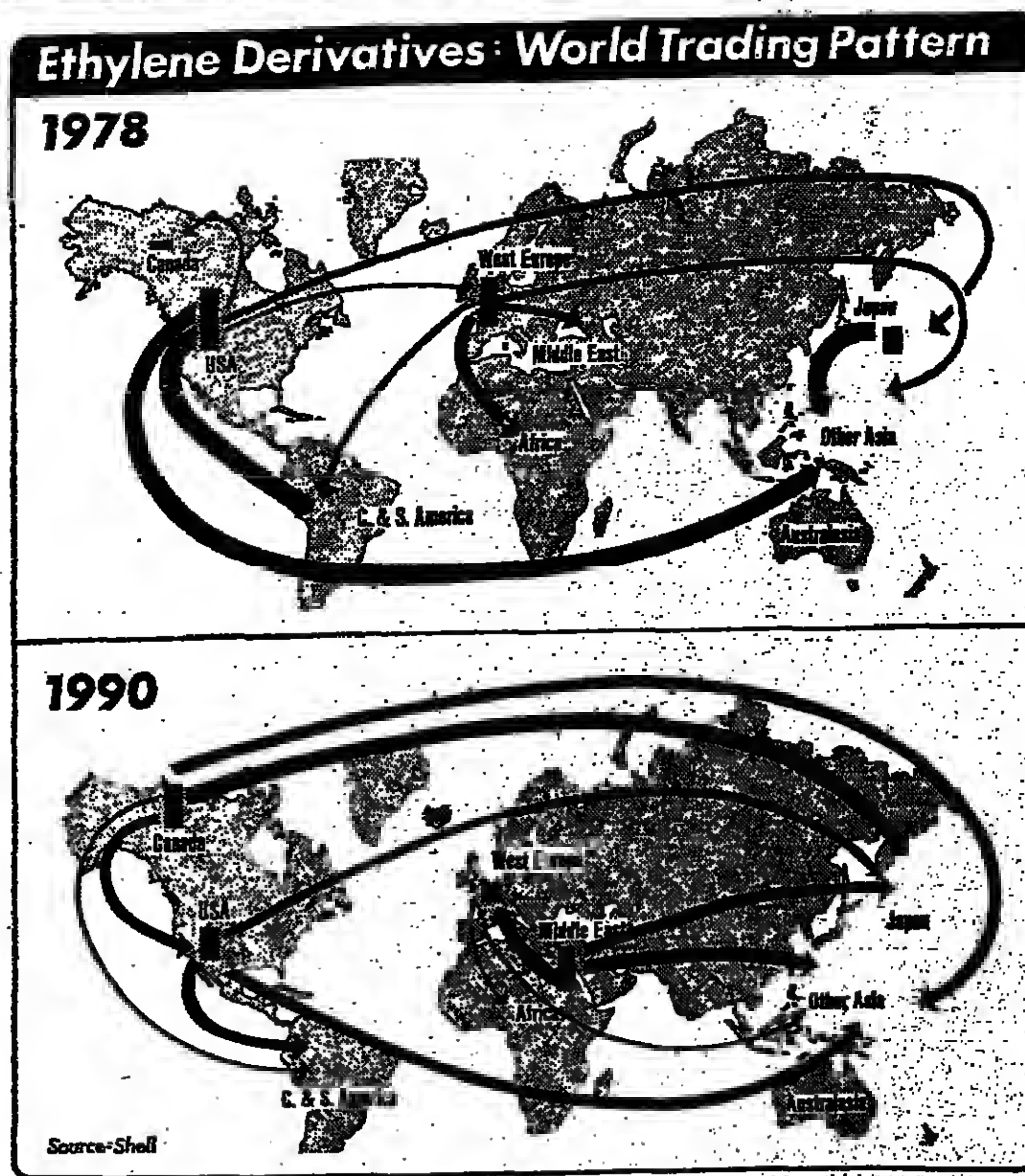
The net result is that in both Japan and Europe far too many producers are slugging it out against a background of substantial overcapacity and seriously eroded profit margins.

As it happens, right now most of them are looking chirpier than they have for months. But that is simply because they see themselves emerging from the recession. Forecasts vary considerably, but there seems to be a consensus view that petrochemicals and plastics worldwide will grow at between 3 per cent and 4 per cent a year—starting in the second half of 1982.

What is more, there have already been some quite respectable reductions in capacity. Some industry experts believe the true cuts in Europe's ethylene and polyethylene plastic capacity so far have been as high as 15 per cent or even 20 per cent.

Be that as it may, the fundamental problems remain. An annual growth rate of 3 to 4 per cent is not very high compared with the 10 to 15 per cent increases of a decade ago. And the Shell international group of chemical companies predicts that by 1990 West European ethylene capacity will be of the order of 17m tonnes a year—as against an annual consumption of just over 13m tonnes.

This is why secret discussions are now going on between various sets of European chemical companies who think they may be able to do deals on the exchange of product portfolios. The principle is: "I'll pull out of product area X, close my plants and leave you a clearer field if you'll do the same for me in product area Y."



Shell predicts that between 1978 and 1990 Western Europe will go from exporting 1.2m tonnes of ethylene derivatives a year to importing 0.1m tonnes; U.S. exports will fall from 0.9m to 0.5m tonnes a year while Canada's exports will go from nil to 1.1m tonnes; Japan will go from exporting 0.7m tonnes to importing 1m tonnes; and the Middle East will go from a 0.3m tonnes importer to a 1m tonnes a year exporter. The tonnages represent the ethylene used in making the derivatives.

The difficulties of such negotiations are immense.

The biggest problem of all is that many companies seem more prepared to back the idea of portfolio exchanges and closures in principle than in practice.

There is, of course, one simple and obvious solution to the problems of the Europeans. They could ask the EEC Commission to step in and help them restructure their industry.

But the Commission's handling of anti-dumping cases against U.S. producers last year did not exactly inspire confidence among Europe's petrochemical producers. Still less were they impressed with the part played by Brussels bureaucrats in the rationalisation of the European fibres industry.

"The Commission would simply screw things up," was the blunt comment of Mr Zoltan Merszei, former head of the U.S.-based Dow Chemical's European operation and now chief executive of the U.S.-based Occidental's chemical business. But Mr Merszei, whose company has just set up the joint venture Enoxy chemicals company with the Italian ENI group, added: "Bottom line considerations will force the European industry to sort out what the Japanese will achieve through proper planning."

Mr John Harvey Jones, chairman elect of ICI, which is a strong supporter of portfolio exchange schemes, also seems to view the Commission with some suspicion. Discussing the chemical industry's problems in a paper written for CEFIC, Mr Harvey Jones insists they can "only be resolved by restructuring on a European basis."

He adds pointedly: "I hope that this will not be frustrated by a doctrinaire application of competition laws on the part of the EEC."

Speed is of the essence for the petrochemical industries of the U.S., Japan and Europe. The oil- and gas-rich nations of the world are developing petrochemical industries of their own and they are moving fast.

JAPAN: A PLAN FOR SURVIVAL

JAPAN is now having to face up to the fact that some 30 per cent of her total 6.2m tonnes a year ethylene capacity is surplus to requirements.

Japan's overcapacity, combined with fierce price cutting by a large number of producers all struggling to retain their shares of a reduced market, has seriously undermined her petrochemicals trading position.

Between 1975 and 1980 Japan's chemical trading surplus fell by some 75 per cent. Her share of the South East Asian market, which she has long dominated, is thought to have dropped from around 80 per cent in 1975 to under 50 per cent today.

Japan has also been every bit as worried as the Europeans by the influx of comparatively cheap, American made chemicals into her markets.

But for the Japanese chemical industry help is at hand. The measures being proposed under the aegis of MITI include:

● A converted, industry wide research effort. The Japanese are keen to develop more high added value speciality products and to give themselves greater flexibility in petrochemical feedstocks. But SRI International, a consultancy group, estimates that Japanese companies spend an average of only 2 per cent of their annual turnover on research and development—as against a 4.3 per cent average figure for the three biggest German chemical companies and an average 3.1 per cent for the top five U.S. producers. Two national chemical research projects, costing £26m and £30m respectively, are already underway. Both are in the basic petrochemical field.

● MITI is poised to mastermind the "consolidation"—merger—of some of Japan's smaller chemical companies.

● A scrap and build policy is being strongly promoted. The aim is to ensure that chemical production capacity is renewed and modernised — but not increased.

● Japanese chemical companies are investing overseas, usually on a joint venture basis.

U.S: A SHRINKAGE OF CAPACITY

U.S. petrochemical and plastics producers have not suffered such a protracted recession as either the Europeans or the Japanese. But now they are being visited by all the traditional European evils of overcapacity, rising costs and weak prices.

Overcapacity in basic chemicals is not as great in the U.S. as in Western Europe but it is still a problem. By the third quarter of last year average utilisation was in the region of 72 per cent. Mr Stuart Walmsley, of W. Greenwell, the analysts, reckons that today it is "not above 65 per cent."

The result can be seen in product prices. Mr Walmsley says that last November some U.S. ethylene prices dropped from 23.5 cents a pound to 21.5 cents.

U.S. producers like Celanese say that cost increases in chemicals and plastics have been steadily outstripping product price rises for some time. Celanese estimates that between 1977 and the third quarter of last year, chemical raw material costs had doubled and energy costs had risen by 70 per cent. But during the same period, U.S. average selling prices had risen by only 54 per cent.

American companies have long enjoyed the benefits of a more integrated domestic market than the Europeans and there tend to be fewer producers in the U.S. than on this side of the Atlantic. But U.S. producers have special difficulties of their own—particularly when it comes to pricing and the Federal Trade Commission.

U.S. chemical companies are therefore careful to act on a strictly unilateral basis when it comes to cutting back capacity and investment budgets. On this basis U.S. producers have already shut down some 15 per cent of America's 18.6m tonnes a year nameplate ethylene capacity.

Mr Walmsley also estimates that during the last year many of the biggest U.S. chemical groups have reduced their planned investment by between 25 per cent and 33 per cent.

Men & Matters

Country style

Perhaps that old West Country charm helped but for Television South West to climb to a Stock Exchange listing with a mere £75,000 bill from Rothschild's, Ernst and Whinney et al, ranks as quite an achievement.

Television watchers will recall that TSW emerged out of the smoke and sparks of the Cadbury/Harris row at Westward Television to snatch the prize the duo were fighting over—the West Country ITV franchise.

Not satisfied with that, tiny TSW then challenged the might of the Independent Broadcasting Authority by suggesting that all its shares should be enfranchised. Until then the IBA preferred its TV company voters to be where it could see them.

With the aid of that £75,000-worth of City expertise, TSW's chirpy young finance director John Roberts was faced with the task of pleasing both a Stock Exchange breathing hard about voteless stock and an IBA still worried about shares that might wander into unfriendly hands.

Maybe memories of the boardroom rumpus at Westward and rumblings of problems at ACC edged the IBA into a more relaxed view but Roberts pulled it off.

The IBA now says it is keen on wider enfranchisement after all—but then it would, wouldn't it.

Among the news flashes that followed TSW's introduction in Throgmorton Street yesterday was the fact that it had cost the company £375,000 in bronze handshakes to 14 directors and six senior staff to clear up after Westward.

But TSW director John Peters was quick to reject suggestions that his Devon and Cornwall neighbours were less than happy with the bright and breezy style in which the company had filled the old Westward spot.

Too much for the slow-paced West? "Some people," growled Peters affably, "just don't like change."

Met office

Students of the golden handshake have had a lot to amuse them lately, much of it sub judice. But in case anyone is feeling sated, I can now offer a variation—the reverse handshake, which is more tactfully described in official language as an "inducement" to leave one job for another.

The best known example so far is the $100,000 paid to Admiral Sir John Treacher to induce him to join Playboy last July, forsaking the safety of National Car Parks for what quickly proved to be a position of maximum risk.

Yesterday's annual report from Grand Metropolitan shows that nearly as great an inducement had already been paid to the group's new finance director, Michael Orr, to relinquish his merchant banking job at S. G. Warburg. On February 13 last year, Grand Met paid Orr £50,000.

Why did he need such encouragement? — "There are many risks to changing jobs in mid-career. You lose pension benefits . . . things might not work out. A lot of people are unable to change their jobs; I'm lucky that Grand Met recognised the difficulties."

How was the figure calculated? "Basically it was a figure arrived at by Grand Met when they approached me. I hope I can make it worth the shareholders' while."

Defrothed

May be we are a more cheerful lot than we look—or have more sorrows to drown. Either way there has always been a devil-may-care appeal about the fact that Britain imports more French champagne than any other country.

Alas, no more. We were finally edged out of the top spot last year by a mere 30,000 bottles of bubbly. The U.S. imported 7.9m bottles against our 7.87m.

Given that our population is only a fraction of that of the U.S., we still obviously down more of the stuff per gullet. But I can't help regretting that we've lost the claim to be the world's frothiest nation.

Still, we do a lot better than those serious-minded folk elsewhere in Europe. Italy drinks over a million bottles less while West Germany and Belgium come a distant fourth and fifth in the league.

Italian job

Surprising the number of Italians to be found in top banking positions in London—Count Pietro Antonelli at Hambros, Giorgio Cellis at Morgan Grenfell and Alessandro degli Alessandri at Wells Fargo, to ame but a few.

Now joining the ranks is Giovanni Franzi, who at the age of 38, has just stepped up to he managing director, responsible for investment banking, t Merrill Lynch International Bank.

Franzi succeeds Don Roth, who has been promoted to be in charge of the Merrill Lynch banking group in London. "Few of them are Italian bankers as such," he says of his compatriots. "The successful ones are those who have worked abroad for a long time."

And Franzi conforms to that pattern. Although born in Rome, he has lived most of his life outside his native country—his father was ambassador to Greece and Hungary. He studied at MIT and got into banking with White Weld in New York in 1968. In fact, Franzi has never worked in Italy. "I have always been a professional expatriate, I guess."

Over-ripe

Selling his wares at 30p a pound in Regent Street this week is Michael Reynolds, deputy chairman of the Apple and Pear Marketing Board. But not from a fruit stall.

Reynolds, who started the Susan Reynolds Books chain with his wife in 1977, sells remaindered books. No matter how offbeat the subject matter, he says, people are drawn to big, heavy, low-priced books.

One of his fastest movers was "an enormously fat, heavy tome called Detailed Diagrams of the Brains of a Baboon, which we were offering at 50p. People were snapping it up as a coffee table conversation piece because it looked so impressive, and cost so little."

Observer

LONDON'S THEATRES

Return of the sparkle

By Antony Thorncroft

A RECESSION and the coldest winter for years; a sharp fall in tourists and a West End increasingly blighted by sex shops and vagrants; a dozen theatres up for sale or in the throes of changing hands — and rail strikes: this should spell disaster for a London theatreland which has been in decline for three years. In fact the impresarios are in good heart.

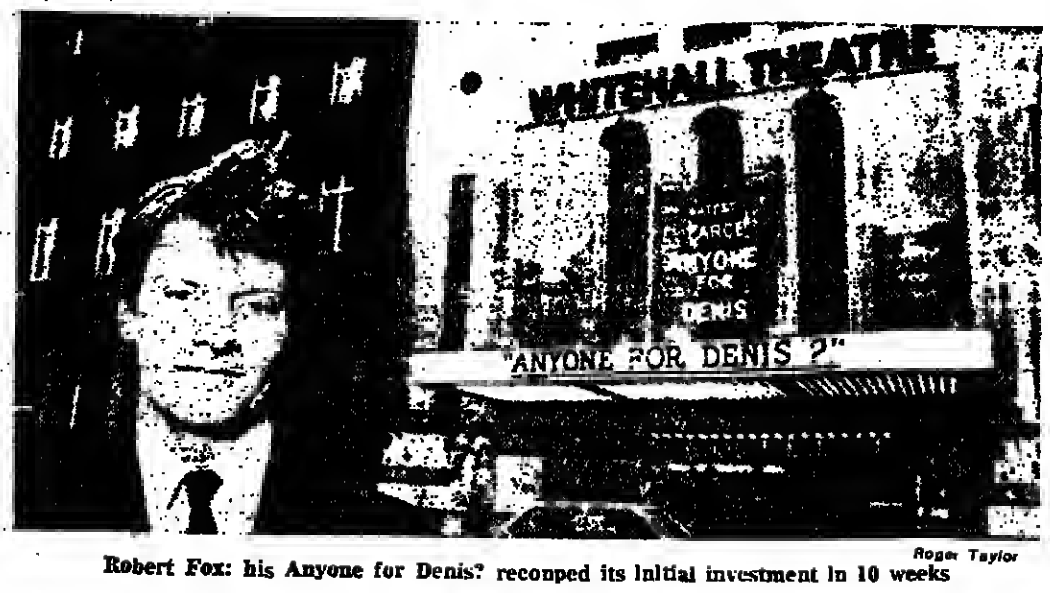
"Business has held up quite well," says Eddie Kulukundis, who has one play, *Steaming*, nicely in profit, while *Arms and the Man* is on target to recoup its cost. "The West End theatre is not so bad at the moment. I would estimate that we are 10 per cent up on last year," says Hymie Udwin of Ray Cooney whose production of *Children of a Lesser God* has just gone into profit after five months. Michael Codron, now the doyen of London's producers, agrees that "things are better than anticipated — although it was never as bad as people thought."

It is the almost unanimous opinion of the producers — and these days there are more of them, each handling fewer plays — that the West End theatre is performing better than anyone would have dared forecast a year ago. The basic reason is probably an improvement in the quality of the plays. The West End scene is currently underpinned by three smash hit musicals — *Cats*, *Barnum*, and the long-running *Evita* — which

A revival of the wartime spirit

generate confidence as well as tremendous profits. In addition, rising costs are making producers more selective and prudent, and so fewer disasters reach the stage. If they do, as on Broadway, they are likely to close quickly.

There is also undoubtedly a revival of the wartime spirit of "Let's cheer ourselves up by going out for a treat." This has helped ensure excellent business for the popular musicals, but also the seasonal Christmas shows such as the pantomime *Mother Goose* at the Victoria Palace, and *Worzel Gummidge* at the Cambridge, have had their seasons extended.



Roger Taylor

Robert Fox: his Anyone for Denis? recouped its initial investment in 10 weeks

There are other specific factors behind the improvement. In the past few years the Society of West End Theatres has attempted to meet the challenge of falling turnover by more forceful marketing. The most tangible sign has been the ticket booth in Leicester Square which offers unsold tickets of the day at half price — an idea from New York. In the first just completed, year 350,000 tickets were bought this way, only a small percentage of the 8m-9m sold in a year, but encouraging in that a significant number of first-time theatregoers were buying them.

For the first time the theatre producers are researching their audiences, beginning to discover the gaps, and attempting to sell themselves on the basis of the information. Research shows that travel problems are the main reason given for not visiting the theatre more frequently, which is why SWET is worried about the return of high fares in the London area next month.

SWET is also hoping to extend its net and bring in people from beyond this area to the London theatre, which often features as the main attraction of a visit to the capital.

Another SWET initiative has been to persuade the local Westminster Council to improve its street cleaning services. The unsavoury look of the West End is believed to have deterred visitors. There has already been a marked improvement, especially in the Covent Garden area, but the Shaftesbury Avenue theatres are increasingly blighted by the sex shops moving out of Soho.

All this effort has succeeded in halting the decline in attendances, which are believed to have averaged 60 per cent of capacity last year, just above the usual break-even point of 55 to 60 per cent. Some plays have *done exceptionally well*, and in such a speculative business the rewards for the right formula can be substantial.

Robert Fox is a new producer who is unusual in starting his career last year with two great successes, one commercial, the other artistic, and who positively insists on revealing his finances. He believes that honesty about the workings of the West End theatre is the best policy because it dispels distrust and rumour. He mounted *Anyone for Denis?* last April with a capital of £80,000, much of it subscribed by investors new to backing plays (minimum investment £1,000). Weekly profits of more than £8,000 on a box office turnover of £22,000 recouped the initial investment in 10 weeks and even after six months *Anyone for Denis?* was adding £5,000 a week in profit. The show continues to run and a simultaneous 26-week provincial tour starts in March.

Fox's second play, *Goose Pimples*, opened at the Hampstead Theatre Club and transferred to the West End. It did not stay long but it broke even, mainly because some of the initial costs were soaked up at Hampstead.

Fox is following the same method with his next production, Julian Mitchell's play *Another Country*. It started at Greenwich and for its West End run, from March 2, it is capitalised at £60,000. If Fox had brought it straight in it would have cost £80,000. In this case, although *Another Country* has a £60,000 price tag, the basic cost is nearer £30,000—the rest of the money has been set aside for advertising and other emergencies since *Another Country* is not a traditional Shaftesbury Avenue play and may need some nursing.

The procedure by which a play begins life outside the West End and then transfers has become standard, even for such established producers as Michael Codron. His next production, *Noises Off* by Michael Frayn, opens at the Lyric Hammersmith this month. In the unlikely event of it not moving east, Codron reckons he has cut his financial risk by up to 40 per cent. Eddie Kulukundis first presented *Steaming* at Stratford East. "If it had failed there it would have lost £5,000; if it had sunk after a West End opening the loss would have been £40,000."

Trying out plays in subsidised local theatres is one way in which producers have cut back on their losses in more difficult times (made more difficult by their reluctance to raise seat prices in line with inflation). Another approach is to hunt the country for good plays and then guide the production into London. A current example is *84, Charing Cross Road*, which started life at the Salisbury Playhouse. It may remove some of the glamour of risk-taking from the impresario's life, but it forges links with mainly Arts Council backed theatres.

Another developing area of fusion is between producers and theatre owners. The struggle for ACC, which owns, through its Stoll-Moss subsidiary, a string of Shaftesbury Avenue theatres, comes at a time when at least four other London theatres are up for sale—and some producers are very keen to take over the management. Already Michael Codron has agreed to look after the Aldwych, just acquired by the New York theatre owner Jimmy Nederlander, under a three year contract. Apart from the challenge, it ensures Codron a West End home for his plays.

Ian Albery, who owns four theatres, has successfully mounted his own productions in recent years. Robert Fox would like to buy a theatre. Nick Salmon, who runs H. M. Tennent, the long established production company now American-owned, would also like the chance to control one.

Owning a theatre is usually not very profitable

Owning a theatre is usually not very profitable. Producing plays is even riskier, but the rewards can be considerable. Shows like *Barnum* and *Cats* are taking well over £100,000 a week in box office receipts and even with the high cost of mounting a musical—up to £500,000—once you are in profit the rewards are tremendous. There are also, as Nick Salmon points out, the peripheral rewards — film and television rights, overseas rights, and increasingly a chance on Broadway. It is the possibility of such gains that keeps the London theatres occupied by plays.

Britain's economy

It is time to seize the commanding heights

By Andrew Glyn

MASS UNEMPLOYMENT has a very definite function under capitalism. Marx described how, in his time, the "reserve army of labour" drove down the conditions of those in work.

From this perspective the fundamental purpose of Mrs Thatcher's monetarism is quite clear — to use mass unemployment to weaken the trades unions' capacity to protect and improve the pay and conditions of their members.

In the last year, this policy has had some success. Pay increases, especially in the manufacturing sector, have been kept below the inflation rate. More important, there has been a rapid increase in labour productivity as production has been rationalised and concentrated in the most efficient plants, and the pace of work inside them has been increased. But is this the basis for a recovery?

Only under the Chancellor's new definition of recovery as being a slowing down of the pace at which things are getting worse.

Driving up productivity by closing down the less efficient plants is like putting up the batting average of a cricket team by only playing the best eight batsmen. The intensification of labour has definite limits; the whole history of capitalism since the mid-nineteenth century shows that success on world markets must be based on massive investment in new processes and products. British industry is still investing far less than major competitors abroad.

The lowest rate of profit ever recorded, combined with the highest rate of excess capacity since the 1930s, constitutes no basis for the reversal of this situation.

Moreover the economic onslaught has not led to a decisive weakening of the trades unions; in terms of membership no mass exodus has occurred like that in the early 1920s. As soon as things stop getting worse, the pressure from workers to make up for past losses will be felt with a vengeance.

Faced with this prospect of growing bitterness against the mass unemployment and other hardships, the SDP, not to mention Tory rebels, have proposed reflationary packages of £5bn or so. These may seem bold enough. But the National Institute (November 1981 Economic Review, p 27) estimates that, depending on the precise mix of policies (public investment, cuts in National Insurance, etc) the effects of such packages would be to reduce unemployment in 1985 by only 150,000 to 330,000.

Professor Meade, reportedly a leading SDP advisor, proposes what he calls "not-quite-compulsory" arbitration of wage disputes. The arbitrators would be charged with making a settlement which would maximise employment. This seems even-handed enough: in times of high demand big wage increases to attract labour would be indicated. But in a situation

> ❛ Labour's stark choice: abolish the power of the City or abandon any hope of full employment ❜

of mass unemployment the arbitrators could hardly be expected to turn down the employers' argument that a cut in wages in real terms would allow them to compete more effectively, especially abroad, and thus employ more workers.

Far from being "new Keynesianism," as Professor Meade claims, this is simply the age-old policy of bludgeoning workers into accepting wage cuts to protect jobs.

The failure of orthodox policies, Keynesian or monetarist, to cure mass unemployment will inevitably bring the election of a Labour Government committed to creating the 4-5m jobs necessary for full employment.

A previous Labour Government created 3m new civilian jobs between 1945 and 1948. Could this success be repeated?

Demobilising the armed forces in 1945 involved a huge cut in public spending, from about 57 per cent of GDP in 1945 to 36 per cent in 1948. The PSBR was cut from 19 per cent of GDP to zero. Demobilising the reserve army of the unemployed now would involve an enormous increase in Government spending, especially as a priority for Labour would be restoration of the public services. The PSBR would have to be pushed up to levels perhaps approaching those of 1945. And whereas the City had been prepared to finance such a PSBR in 1945, it would be wholly unwilling now.

All of which leaves Labour with a stark choice; abolish the power of the City or abandon any hope of full employment.

In 1945 profits were extremely high, bolstered by price controls which allowed a profit for high-cost producers. So there was no danger of the expansion running out of steam for lack of profitable capacity. With profits so low now, Labour would be under overwhelming pressure from the CBI to ensure that the lion's share of any expansion was diverted to profits, and with no guarantee in return of sufficient investment and expansion of jobs.

Labour's economic strategy proposes selective nationalisation of profitable firms and planning agreements to control the rest. But experiences of the last Labour Government in Britain, and of Mitterrand in France, cast serious doubt on whether these policies would give sufficient leverage to guarantee an expansion geared to social need rather than private profit. It is more likely that "lack of confidence" would cause production and investment to falter.

Socialists proposing ambitious schemes of social spending are always faced with the question "where will the money come from." The answer, under capitalism in a state of acute economic crisis, is that it won't. To get sufficient control over the economy Labour will need to go further than presently envisaged and take over all the commanding heights of the economy; remaining in the foothills is the recipe for retreat.

Andrew Glyn, a fellow of Corpus Christi College, teaches economics at Oxford University.

Letters to the Editor

Britain's policy in Europe is excessively cautious

From the Deputy Director-General Confederation of British Industry

Sir,—In his review (January 27) of Mr Malcolm Rutherford's book "Can we save the Common Market?", Mr Peter Shore is lucid and comprehensive in his account of the Community's defects. Unfortunately the picture he draws is highly selective in content; and he fails to deal in any substance with the essential question: after withdrawal just what alternative trading arrangements would be available to give us a reasonable industrial future?

His analysis ignores the fact that many thousands of jobs depend on our being able to sell tariff and quota-free into the Community and the other European countries associated with it — and 60 per cent of our exports now go to Western Europe. Not only companies directly trading in Europe need this access, for those supplying them with services, components and materials benefit at one remove.

It is also disingenuous to suggest that major reform of the Common Agricultural Policy is excluded from the Commission's terms of reference under the May 1980 Agreement. The three major principles of the CAP may be sacrosanct, but that does not rule out a bid to make its operation much more cost-effective. If the Council of Ministers is really dealing only with small change, why are the negotiations proving to be so difficult?

Equally, Mr Shore fails to spell out exactly how a Labour Government would secure an effective substitute for the trading framework the EEC now provides. Under Labour's policy we would in essence tell our Community partners we wanted to buy our food elsewhere in the cheapest market (where we could find one), go on selling our manufactures to them tariff and quota-free, and reserve the right to put up barriers against theirs to preserve jobs and supposedly regenerate our industry. It takes two to make a deal; and it really is quite difficult to see what is in it for the other side who share our problems of industrial change and unemployment!

If we could not negotiate an alternative to full EEC membership in Europe, which other countries would be ready to join us in a free trade area or customs union? There is no sign that the United States, Canada or Japan would be interested. Australia and New Zealand would be happy to sell us more food, but would they be prepared to open their small but wealthy markets freely to our manufactures? Their high levels of protection suggest not.

The business view of EEC membership is quite clear. Debate at the CBI's national conference last November overwhelmingly confirmed that industry believes the UK's place is in Europe.

Bryan Rigby.
Centre Point.
103, New Oxford Street,
W.C.1.

From Mrs M. Barouch

Sir,—I should like to tell to Mr Peter Shore (January 27) and eventually to your readers, why the EEC must be saved!

Without contradicting any of Mr Shore's arguments and very accurate analysis of the facts I should like only to point out that they remind me of a well known joke: "When there is fog over the Channel the British declare that the Continent is isolated by the fog." In this case the fog is represented by the two big powers: U.S. and USSR, two agonising giants, each one believing in the possibility of surviving the other only if they will be able to have new blood: European blood!

In the same page where Mr Shore's article is published there is another article by Mr Anatole Kaletsky which is a very good example of the economical disaster that the U.S. are trying to export to the rest of the world. As much as for the USSR I think that after Afghanistan, Poland and the financing of underground movements all over Europe there is no need for me to illustrate the danger.

There is only one way for Europe to save herself from the convulsing strikes of the above mentioned giants and that is to stick together in spite of the difficulties and differences, waking up to the reality that united she is much stronger than the U.S. and USSR put together and that, now again, she has the opportunity to be the centre of the world!

Let us all try to overcome our petty disputes and once again be the birthplace of a new and better world.

M. Barouch.
Piazza del Rosario, 1;
Milan, Italy.

From Mr Robert Jackson, MEP

Sir,—The trouble with Peter Shore on Europe (see his article on Wednesday, January 27) is and always has been his inability to come to terms with the fact that France and Germany, and Europe in general, actually exist.

They do exist, and over the years since 1945 they have set in train a system of mutual relations in the European Community to which they are profoundly attached—as Mr Shore acknowledges — and towards which Britain is obliged to have a policy. This is a fact of geography, of history, of politics, and economics. There are four possible responses for Britain.

1—Ignore Europe (the Shore line): Unfortunately in the late 1940s and the early 1950s this is precisely what we did, thus losing the chance to influence European development at the formative stage.

2—Try to stop Europe happening: Again this was tried in the late 1950s, thus enabling De Gaulle to rally his partners to form a Europe into which it has been very difficult to fit Britain.

3—Delude ourselves that Europe will disintegrate, and help it to do so: This was Labour's approach in the late 1970s, and it is still the Healey line. The result has been to stiffen the resistance to change in Europe by confirming suspicion of British motives.

4—Join Europe and work for improvements as a fully committed partner: This is the Conservative, Liberal and SPD line. Peter Shore implied that this simply cannot be done. He is wrong; Britain's policy in Europe is still excessively cautious and unimaginative—largely because of the kind of thinking he exemplifies among the political class. But Mrs Thatcher is showing that Britain's immediate interests in the budget can be successfully defended. And the middle-run pressures for the reorganisation of the CAP are inexorable. Meanwhile, the development of political co-operation which Mr Shore derides, reflects the British interest in a stronger voice in world affairs.

There is, I fear, something than his unwillingness to see how realism requires Britain to come to terms with Europe's strivings for unity. This is his inability to imagine that Britain might, after all, actually turn out to be a European country herself. Yet, as it seems to me, this is what the British people have quite consciously been recognising about themselves over the past decade. What a pity that, for all his patriotism, Peter Shore cannot share in the wise judgment and instinct of his fellow countrymen.

Robert Jackson,
European Parliament,
Strasbourg.

Industrial energy prices

From the Chairman Tioxide Group

Sir,—Ms Cameron (February 3) on world industrial energy prices correctly reports the continuing concern of energy intensive industries in the United Kingdom regarding the competitiveness of domestic energy prices. The price comparisons for gas and electricity which she quotes, however, are largely irrelevant. They ignore the findings of the NEDC task force which was set up to make such comparisons, and bear little relationship to the prices actually paid by large industrial consumers in the principal industrial areas of the countries covered by the survey.

Those of us who represented industrial consumers in the NEDC task force were able to agree with the supply industries and Government comparative data as at October 1981. These *comparisons are still valid today* since there has been little subsequent movement in exchange rates or in gas and electricity tariffs. The details agreed with the supply industries and Government differ considerably from the figures quoted in the table in Ms Cameron's article.

As far as electricity is concerned, large high load factor users in the United Kingdom are paying prices 19 per cent higher than in West Germany, 39 per cent higher than in France, and 70 per cent higher than in Italy. Lower prices than these are available in West Germany under special contracts.

Continental gas prices have certainly moved closer to the present United Kingdom prices since the beginning of the year following the freeze on prices *imposed* as a result of complaints from consumers. The Gas Corporation has, however, already announced an increase of gas prices by 1p/therm/quarter, and this will open up the gap again if Continental prices remain as at present stabilised by low oil product prices."

Ms Cameron rightly points to the widening of the disparity in fuel oil prices. She also emphasises the absurdity of having to pay the excessive fuel oil duty of £8 a ton on top of a fuel oil price which is higher than any other in Western Europe.

Large United Kingdom energy users see no evidence of "a narrowing range of world energy prices"

John Pitts,
Tioxide Group.
10 Stratton Street,
W.1.

Aaronson dives to £0.5m but expects improvement

A DIVE from £1.96m to £543,000 in pre-tax profits is shown by Aaronson Bros. for the year to September 30 1981, *after half-time profits down by £982,000 to £444,000.*

At the beginning of the year, the directors made a policy decision to increase volume and market share and, despite the extremely difficult trading conditions, they say this objective was achieved. Turnover rose 11 per cent to £61.37m.

The directors say that the current year has started in a similar way to the year under review, and with some recent improvement, together with new developments, they anticipate an improved outcome for the current year.

The final net dividend has been reduced from 3p to 0.6p, which gives a much lower total payment of 1.2p compared with 4.2p last time. Stated losses per ordinary 10p share are given as 0.76p compared with previous earnings of 3.43p.

Increased competition in the overall smaller market and the high level of sterling against other European currencies meant the company was unable to increase prices. In some cases, the directors say, the prices had to be reduced.

Margins were further reduced by the increased costs of energy, oil-based materials and freight.

Trading profits held steady at £11.34m, compared with £11.12m. Interest payments continued at high levels through most of the year, reflected in increased interest payments of £2.13m, against £1.48m. Associated losses of £55,000 were shown (£12,000 profits).

There was an attributable loss for the year of £110,000 against previous profits of £1.04m. After lower extraordinary debits of £822,000 (£1.31m) which included reorganisation and redundancy costs of £238,000 (£900,000) and goodwill written off at £584,000 (£411,000) the net loss for the year emerged higher at £932,000 (£272,000).

After total dividend payments reduced to £429,000 (£1.24m) the stated loss emerged at £1.36m (£1.52m)—which left group reserves down at £7.15m, compared with £8.66m last time.

● comment

Aaronson is caught in a vice of its own making. The company began pumping capital into the business in the early 70s when return on capital employed was bubbling around the 40 per cent mark and margins on trading profits were close to a healthy 16 per cent. Since then, turnover has soared by a factor of 10, but those two important ratios have sickened. In the year just completed, return on capital was 9.3 per cent while trading margins were 4.4 per cent. Aaronson is determined to hold onto its customers at its own expense, ever hopeful of an upturn around the corner. Still, it's difficult to justify continued expansion, particularly given the costs of borrowed money. Aaronson's laminated chipboard capacity, for example, has been lifted by 40 per cent in the past three years, while chipboard output has gone up by 10 per cent—this against a background of industry-wide overcapacity in Europe of about 25 per cent for chipboard. The company has unspecified "irons in the fire" which it says should have a positive effect on the current year and also reports improved margins in the first three months. The market remains unimpressed. The shares lost 11p, near a five-year low of 34p. The severely shrunken dividend of 1.2p for the year gives a historic yield of 5.1 per cent.

HIGHLIGHTS

After briefly looking at the preliminary money supply figures for the January banking month, which proved unwelcome in the financial markets, Lex looks at the purchase by Exco of Carr Sebag's Far Eastern business, Wico. Reed International has followed in the footsteps of Barclays Bank with a high *coupon fixed interest stock.* *Lex also looks at the latest news* from Trident on the state of play for its casino licences. Finally the column comments on the sharp fall in profits from Boeing. It proved a busy time on the new issue front yesterday. Hunting Petroleum launched a £12½m rights issue and on a much smaller scale Steaua Romana waded in with a £1.6m cash call.

Ladies Pride downturn

TAXABLE profits of Ladies Pride Outerwear were almost halved at £623,000 against *£1.17m for the year to November 30 1981.* Turnover was down from £8.26m to £7.19m.

A final dividend of 2p net per 20p share will be repeated, making a total of 3.4p (same). Stated earnings per share were *lower at 6.17p against 6.43p.*

Mr F. A. Robson, chairman of this holding company with interests in fashion outerwear, says that, despite the continuing adverse economic climate, pre-tax profits are in line with the expectations expressed at mid-year.

In the interim report for the half year to May last year he said profits were *down* by some 38 per cent reflecting more difficult trading conditions and he anticipated that the second half year would prove no better—pre-tax profits mid-year were £359,625 (£580,360).

However, he now says that, while trading *remains difficult* and margins are under pressure, the directors are confident of the future in the light of the *excellent* human and liquid resources at the company's disposal. Also, he says, because initiatives are being undertaken to develop new markets.

Taxed profits were only slightly down at £509,000 compared with £527,000 previously.

Utd. Scientific orders at over £135m

IN HIS statement accompanying the results for the year to September 30, 1981 Mr J. D. Robertshaw, the chairman of United Scientific Holdings, tells members that the group's order book has risen to over £135m.

He points out that this figure is almost equally divided between Alvis, acquired from BL in August for £27m, and the rest of the group—Alvis manufactures armoured cars and tanks.

With only £28m of the £135m being in respect of orders for UK armed forces Mr Robertshaw says the balance represents a very substantial amount of export business.

He says that with the acquisition of Alvis the group has become a supplier of a major item of capital defence equipment which effectively puts it into the top league of the industry and removes it from total dependence on "support" systems.

As reported on December 19 group pre-tax profits for the year to end-September 1981 emerged at £6.64m, compared with £5.27m, including £143,000 from Alvis for the period from August 17 1981 to the financial year-end. Turnover rose from £33.56m to £46.51m, including a contribution of £5.56m from Alvis.

At that time the directors said the current year was expected to be successful with the Alvis order book standing at around £70m and that for the rest of the group at more than £40m.

The accounts show group fixed assets at £13.72m (£5.73m) and net current assets of £11.73m (£7.3m). Shareholders' funds totalled £40.19m (£9.84m). At year-end working capital showed a £3.97m increase (£1.62m).

Mr Robertshaw says the changes that have occurred during the year have resulted in a significant increase in the size of the group and its operations and that he feels it inappropriate for the chairmanship to be held by a non-executive director. He intends to stand down as chairman at the AGM and will be succeeded by Mr Peter Levene, at present group managing director. Mr Robertshaw will become deputy chairman. Meeting will be at the White House Hotel, NW, March 9, at noon.

Crouch Grp. down at six months

FIRST HALF taxable profits of Crouch Group, the holding company with interests in international property development and construction, declined from £231,000 to £161,000. Turnover for the period, to September 30 1981, was also lower, falling to £7.23m, compared with £8.25m.

Mr Ronald Clempson, the chairman, says because of the prevailing economic climate, group results for the full year are difficult to forecast since they will be affected by the timing of the sale of certain developments which, by their very nature, seldom fall evenly into consecutive accounting periods.

However, he is convinced that current policies are laying the foundation for future growth.

In the light of current trading, the net interim dividend is being held at 1.075p per 25p share—a final of 3.325p was paid for 1980/81 from pre-tax profits of £490,000.

Half-year UK tax took £18,000 (same) but last year there was also an overseas charge of £199,000. The attributable balance emerged at £54,000 (£14,000) after an extraordinary debit of £89,000 (nil) representing the cost of the issue of the £2m convertible loan stock.

Stated earnings per share improved from 0.35p to 3.575p.

Commenting on the first half the chairman says trading profits were reasonable having regard to the continuing UK recession which affected, in particular, the construction industry and the housing market. There was no contribution from the sale of developments over the period, although profits from this source are anticipated in the second half.

● comment

The 30 per cent drop in Crouch's interim pre-tax profits is largely attributable to the absence of development sales. But negotiations for substantial sales on both sides of the Atlantic have now been completed, which should enable Crouch at least to match last year's pre-tax profits of £490,000. Marketing of time-sharing apartments on the Brantridge Park estate has begun, and plots on the Florida leisure complex should start to be sold in August. The additional £200,000 rental income from the Leatherhead industrial estate will bring annual rental income to around £450,000. But despite the £2m May 1981 rights issue, gearing is close to 100 per cent. The UK housebuilding side, without access to the *first-time buyers* market, is still very depressed, though margins have been maintained. After the figures the share price fell by 6p to 100p, yielding under 6½ per cent, and at a 45 per cent discount to asset value.

Hunting Petroleum's £12.5m call

Hunting Petroleum Services (HPS) is raising £12.5m net in a rights issue of ordinary shares and convertible loan stock mainly to expand its directional drilling activities.

The group has agreed to acquire the outstanding 49 per cent stake in its directional drilling and mud businesses for £9.25m (£4.95m) in cash, and further considerations in 1987 depending on their future profitability.

The businesses being acquired had estimated profits before tax of £1.59m in 1981 compared with £1m in 1980. Turnover is estimated at £9.475m compared with £5.9m.

Hunting Petroleum estimates that its own profits reached £7.1m before tax last year compared with £4.1m in 1980. The Board expects to recommend a final dividend of 5.25p, making a total of 7.5p, an increase of 15.38 per cent.

The rights issues consist of 3.28m new ordinary shares on the basis of three new shares at 180p each and £7 in 10 per cent convertible subordinated loan stock 1997 for every 10 ordinary or deferred shares held on February 1.

Hunting Associated Industries and Hunting Gibson, which together hold 53.78 per cent of the shares of Hunting Petroleum, are taking up their full entitlement to the shares, but none of their entitlement to £4.1m of loan stock. Hunting Holdings, which holds 20.59 per cent of HPS, is taking up £1.2m of the stock but none of its entitlement to shares.

As a result, on full conversion, Hunting Holdings will hold just over 16 per cent, Hunting Gibson will hold 23.4 per cent, and Hunting Associated will hold 19 per cent.

An extraordinary general meeting will be held on February 25 to approve the acquisition and an increase in authorised capital.

Dealings in the new shares and the stock are expected to begin in nil paid form on February 26 and the final date for acceptances is March 22.

The portions of the issues not taken up by Hunting group companies have been underwritten by Robert Fleming and Co. Brokers to the issue are de Zoete and Bevan.

● comment

Hunting Petroleum is raising the £12.5m for a very specific purpose. It is planning an assault on the world market for directional oil drilling, which is expected to show rapid growth in the next few years, oil glut or no. Hunting's drilling subsidiary, claims to have more than a 50 per cent market share in the *North Sea*, but remains small beer against the U.S. majors. If it wants to grow, Hunting must crack the U.S. offshore market, and while it gained a good contract there last year, this remains something of a gamble. Certainly, it is not one that the present minority shareholders want to finance. So Hunting is buying out their 49 per cent stake for £5m, which amounts to a p/e of 13, fully taxed. Another £5m of the rights proceeds is earmarked for ploughing into the drilling business, while the last £2½m has not been specifically allocated. The issue is to an extent a disguised placing, with the subunderwriters expecting to hold on to a good proportion *of the shares and loan stock.* And while the Hunting family interests are diluted, they remain in control. The share price shed *2p yesterday to 196p.*

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aaronson	0.6	April 7	0.6	1.2	4.2
Amstrad ...int.	1.87	April 15	1.56	—	3.95
Broadstone Inv. Tst.	5.25	April 22	4.9	7.45	7.1
Bougainville	3‡	May 6	8	5	20¶
Crescent Japan Inv.	1.5	April 4	0.95	1.5	0.95
Crest Nicholson	1.7	April 16	1.3*	2.85	2.3*
Crouch Group ...int.	1.08	April 30	1.08	—	4.4
Guildhall Property int.	0.75	April 1	0.75	—	5.15
Ladies Pride	2	April 8	2	3.4	3.4
Lancs and London Inv.	2.88	March 5	2.63	2.88	2.63
D. Macpherson	2.7	April 2	2.7	4.2	4.2
Western Mining	1.5†	May 14	7.0	—	14.0
A. J. Worthington ...int.	0.38	Mar. 31	0.41	—	0.9

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Australian cents throughout. § Papua, New Guinea toea throughout. ¶ Includes a bonus of 4 toea.

TSW introduction next week

Television South West, the company that took over the West Country commercial tv contract from Westward Television, is being introduced to the Stock Exchange next week.

No shares are being placed or offered for sale. TSW raised £2.2m last year following its award of the West Country franchise and has issued a total of 20.9m ordinary 5p shares.

However, the group is breaking new ground as the first commercial televison contractor to come to the market with a single class of voting shares.

Most contractors, such as the troubled Associated Communications Corporation, have their capital split into voting and non-voting shares, a structure that has come under considerable criticism.

TSW has managed to meet the requirements of both the Independent Broadcasting Authority, which demands the power to approve of any significant shareholders in a contractor, and the Stock Exchange, which requires that shares can be transferred freely.

The method used by TSW is the power to withdraw voting rights, but only after share sales and purchases have taken place. The company has powers in its articles of association to request information about shareholders and would automatically remove voting rights from any holders in the IBA's restricted category, such as foreigners, newspaper owners and other IBA contractors.

Moreover, any shareholder acquiring more than 5 per cent must be approved by the IBA.

TSW has about 200 shareholders, but about two thirds of the shares are held by eight institutions. Phicom has the largest stake, 17.92 per cent, with Industrial and Commercial Finance and British and Commonwealth Shipping each holding 11.32 per cent.

TSW reports that revenue *in* the fourth quarter of calendar 1981 was up 30 per cent and that the buoyant trend looks likely to continue in the first half of *this* year.

However, because of the subscription costs of the fourth channel, it expects profits in the financial year to July 31 1982 to be depressed. Although dividends can only be paid when the £196,000 deficit in last year's accounts is made up, the directors expect to be able to recommend a dividend of 0.6p per share this year.

The prospectus for the introduction presents the accounts of Westward, which was acquired by TSW, for the past five years. Turnover rose from £5.7m in 1977 to £12.3m last year. Trading profit of the continuing business before Exchequer levy moved from £1.19m in 1977 to a peak of £2.29m in 1979 before falling back to £1.4m last year.

The introduction is being made by N. M. Rothschild and Sons and brokers are Stock Beech and Co.

Dealings are expected to begin on February 16.

Steaua to raise £1.56m

Steaua Romana (British), which formerly held expropriated oil concessions in Romania and now invests in oil and gas prospects, will raise about £1.56m net by way of an underwritten rights issue.

The main purpose of the issue is to enable Steaua's U.S. subsidiary to buy certain oil and gas overriding royalties in the western U.S. The royalties will be bought for $3m from two consulting geologists who are associated with May Petroleum, an independent oil and gas company based in Texas.

May Petroleum is also associated with Premier Consolidated Oilfields, a UK group whose chairman, Mr Roland Shaw, also sits on Steaua Romana's board.

The issue, which is underwritten by The English Association, will offer 3.64m ordinary shares at par at 45p a share. Shareholders are being offered one new ordinary share for every two ordinary, and one new ordinary share for every 10 deferred shares held on January 29.

Both the ordinary and deferred shares are dealt under Rule 163(3) of the stock exchange and dealings in the new shares are expected to commence under Rule 163(3) today. Yesterday's closing price for the shares was 52p.

● comment

Those eager for a bite of the Rocky Mountain Overthrust belt might take a look at Steaua Romana. While the majority of Steaua's newest royalties are spread throughout the rest of the western U.S., the package offers a nice slab of overthrust. This area, which has created a fair amount of excitement in the drilling sector in the last few years, stretches from Canada to Mexico. However, none of its existing oil discoveries are near any of Steaua's purchases. Even so, if 95 per cent of the purchase is a write-off, at this price it wouldn't take much to make the investment pay for itself. Despite the depressed state of the industry, the company expects three or four holes to be started within the next six months or so. The group also expects about £300,000 this year from its Thasos royalty in Ohio. Dividends are still some way off. Net asset value of the ordinary shares last November was stated at 31p, compared with yesterday's close of 52p, up 2p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ashley Industrial Trust, Benn Brothers, Epicure, Gripperrods.

Finals—General Consolidated Investment Trust, Leadenflush, Securicor, Security Services, Yeomen Investment Trust.

FUTURE DATES

Interims—

Guinness Peat	Mar 1
Hempson Industries	Feb 1
Macallan-Glenlivet	Mar
Webb (Joseph)	Feb 1

Finals—

Abbey Panels Investments	Feb 2
Foreign and Colonial Inv. Trust	Feb 1
Goode Durrant and Murray	Feb 1
Newbold and Burton	Feb 1

PRUDENTIAL PENSIONS

Yesterday's report on the funds managed by Prudential Pensions omitted to take into account the splitting away of the international portfolio from the Equity Fund. The unit price of the Equity Fund rose by per cent during last year.

LANCASHIRE AND LONDON INVESTMENT TRUST—Net revenue for 1981 £122,066 (£113,319) after tax of £68,4.. (£82,008). Net asset value per share 95.4p (97.2p). Dividend 2.. (2.625p).

SPAIN

February 9	Price %	+ or —
Banco Bilbao	340	+2
Banco Central	362	+3
Banco Exterior	324	+3
Banco Hispano	325	+2
Banco Ind. Cat.	115	
Banco Santander	361	+2
Banco Urquijo	223	−5
Banco Vizcaya	389	+3
Banco Zaragoza	238	+3
Dragados	180	+7
Espanola Zinc	63	+1
Focsa	63.2	+0.7
Gal. Preciados	45	+2
Hidrola	68.2	+0.7
Iberduero	52.2	−0.3
Petroleos	104	+3.5
Petroliber	94	−2
Sogefisa	30	
Telefonica	74	
Union Elect.	66	−0.7

THE TRING HALL USM INDEX

118.0(—0.8)

close of business 9/2/82

BASE DATE 10/11/80 100

Tel: 01-638 1591

LADBROKE INDEX

Close 560-565 (—7)

Crest Nicholson up 16.7% and further growth seen

AN INCREASE of 16.7 per cent in 1981 pre-tax profits is reported by Crest Nicholson, the industrial group with interests in housing, leisure and engineering, which makes the group's seventh consecutive year of growth. Following the half-term advance from £1.91m to £2.22m, full-year taxable figures were ahead by £0.9m to £6.32m, on turnover of £54.07m, against £48.41m.

Assuming no deterioration in economic conditions, the company is planning for further growth in the current year.

At the after-tax level, however, profits were down from £4.59m to £3.63m, reflecting a much higher tax charge of £2.7m (£0.84m). Stated earnings per 10p share were lower at 8.76p, compared with 11.93p, but on a fully taxed basis the comparative figure was reduced to 6.73p.

The year's dividend is effectively being raised by 24 per cent from 2.3p to 2.85p net per share, with a final of 1.7p. The 1980 earnings and dividends are adjusted for the one-for-one scrip issue.

Retained profits for 1981 decreased from £5.05m to £2.3m. These were after tax, minorities of £10,000 (£35,000), extraordinary debits of £142,000 (£1.37m credits) and dividends costing £1.18m (£868,000).

At the year end, the group had a net surplus of cash and Government securities and there are substantial medium- and short-term bank facilities at its disposal.

In the property division, profits rose 17 per cent to £4.29m on turnover of £23.74m (£18.08m), arising largely from an excellent contribution from commercial property developments. On the residential side, uncertainty and difficult conditions in the housing market remained *throughout 1981*. Crest Homes continues to pursue a policy designed to insulate it from the peaks and troughs of the housing market and despite the conditions, has continued to perform creditably.

On the commercial property side, the company's policy of building small- and medium-size office or shop developments in first-class towns in the south of England has proved most successful.

● comment

Crest Nicholson is up by 17 per cent at the pre-tax level, after a £500,000 or so cut in interest payments, and equally importantly is now in a net cash position. One of the more recent acquisitions, Sharron, has become a victim of depressed market conditions. Its margins are negligible by comparison with the overall 11.7 per cent average let alone the target 10 per cent and some sort of remedial action will be necessary if the jewellery recession goes on much longer. Other non-property activities are going well in present circumstances and, if En-Tout-Cas and Crofton are slightly down, they are evolving new products—specifically crush-proof sun-glasses and high performance sports surfaces—designed to pull their performances out of the decline in business conditions generally. Property development, still two-thirds of overall profits, is still going well. The ratios shown by the residential side—some 30 per cent of total profits—are enough to allay fears of the effects of a further national housebuilding slump. Margins are up with group averages and the return on capital remains high at 49 per cent. Down 3p at 89p yesterday and rated at 10 times historic fully taxed profits, the shares are still a good buy.

William Jackson downturn

DESPITE A higher turnover of £69.74m, against £68.42m, pre-tax profits of William Jackson and Son declined from £1.06m to £403,000 for the half year to October 24 1981.

There is no tax charge, against £552,000 previously. Last time, there was an extraordinary credit of £33,000.

The company carries on business as a baker, confectioner, meat processor and supermarket operator. Its ordinary shares and restricted voting ordinary shares are unquoted.

Guildhall Property moves ahead

Pre-tax profits of Guildhall Property Company rose slightly from £509,000 to £535,590 for the six months ended December 1981.

An interim dividend of 0.75p net per 25p share has been maintained which will absorb £45,750 (same). The directors say, subject to unforeseen circumstances, they also hope to maintain the final dividend at not less than last time's 4.4p which was paid out of taxable profits of £1.02m.

At June last year the company owned 56 industrial properties, mostly freehold factories in North West London.

Taxable profits were struck after interest of £56,720 (same), depreciation of £1,920 (£1,110) and management expenses of £27,550 (£25,470). Net rents and other income amounted to £621,780 against £592,300.

Tax took £270,700 (£256,300) leaving net profits of £264,890 against £252,700.

Preference dividends remained static at £5,460 while attributable profits rose from £247,240 to £259,430.

Broadstone Inv. pays 0.35p more

After-tax revenue of Broadstone Investment Trust was little changed at £1.06m for 1981, against £1.04m previously. Earnings per 20p share edged ahead from 7.35p to 7.49p and a higher final dividend of 5.25p raises the year's payment by 0.35p to 7.45p net.

Gross revenue was £1.88m, compared with £1.84m. Expenses and interest amounted to £225,088 (£202,079) and tax took £590,728 (£597,829).

Net asset value per share increased from 265.4p to 283.7p at the year end.

Taylor Tiles in receivership

Receivers and managers have been appointed to the Taylor Tiles Group which specialises in manufacturing and laying of industrial floor coverings and retailing ceramic tiles. They are Mr Alastair Jones and Mr Richard Archer of chartered accountants Peat, Marwick Mitchell and Co.

It is their intention to permit the company to continue trading with a view to selling it as a going concern.

YEARLINGS

The interest rate for this week's issue of local authority bonds is 14¾ per cent, unchanged from last week and compared with 12¾ per cent a year ago. The bonds are issued at par and are redeemable on February 16 1983.

A full list of issues will be published in tomorrow's edition.

Amstrad well ahead at six months: pays more

PROFITS BEFORE tax of Amstrad Consumer Elecronics advanced sharply from £1.31m to £2.59m for the six months to December 31 1981 on turnover well ahead at £15.6m, compared with £7.6m.

For the year as a whole (to end June 1982) Mr Alan Sugar, the chairman, says that assuming there is no great movement in the foreign exchange market, no major changes in the Chancellor's budget and no further deterioration of consumer spending, he looks forward with confidence to a "satisfactory performance."

However, he warns that the period under review takes into account the group's best selling season and that it would be unwise to assume that the second half will show similar sales levels since historically, volume levels for the group's types of product during this period are normally much lower.

Nonetheless, the net interim dividend is being stepped up from 1.56p to 1.87p per 25p share, a rise of 20 per cent—last year a final of 2.39p was paid from taxable profits of £2.38m (£1.36m).

Tax for the half year took £1.35m (£682,000) and after dividend payments of £63,000 (£54,000) the retained balance emerged at £1.18m, against £576,000.

Stated earnings per share came through at 13.3p (6.8p) after tax and at 27.7p (14.1p) before tax.

The chairman points out that much of the increase in turnover was attributable to the group's very successful product range (it manufactures and distributes electronic, audio and domestic equipment) backed by a television advertising campaign during October and November last year.

He adds that the pre-tax profit again demonstrates its determination and ability to maintain gross margins and to contain operating costs.

As mentioned in the chairman's last annual statement the group is currently trying to find a site in the Southend area on which to build a new factory to expand production to meet the increased demand for its products. It is hoped that a new facility will be available later this year.

Because of the increasing complexity of the group's trade with the Far East it has been found necessary to open an office in Hong Kong. Last October the group created Amstrad International (Hong Kong) to represent its interests in that part of the world and the directors look forward to this company generating more business.

The chairman is continuing to waive all but 0.1p per share of his interim dividend entitlement, representing a total waiving of £111,410.

● comment

Amstrad has been keeping pace with the most sanguine forecasts. First half profit before tax are almost twice what they were last year, and even assuming that three-fifths of the year's profit has been taken in the peak selling period before Christmas, next June's total could be over £4m. Operating on a float of only 2.3m shares—currently worth about £5.5m—the market in Amstrad is at least as effervescent as the company. A period of profit taking in the new year brought the shares as low as 190p two weeks ago, but after renewed buying they were back at 235p yesterday (having briefly regained their peak of 250p). A prospective fully-taxed p/e of less than 12 may not look too demanding, but it discounts continued growth at around 70 per cent. Let Amstrad falter only slightly, and the shares would be looking vulnerable.

GrandMet is holding up well

RESULTS IN the current year to date at Grand Metropolitan are holding up well, says Sir Maxwell Joseph, the chairman, in his annual statement with accounts.

For the 12 months ended September 30 1981, group pre-tax profits rose from £152.1m to £186.6m, helped by a full year's contribution of £72.7m from Liggett Group in the U.S.—as reported December 23. In current cost terms, the taxable figures were ahead at £136m (£108.9m).

Sir Maxwell comments that Liggett gives the group an important presence in the U.S., an established management structure, and a base from which to build in future years.

Apart from adding value to the group's spirits and wines activities worldwide and the beneficial effect on exports from the UK, the U.S. move has given fresh impetus to the international development of some other group activities, he says.

In September, the group completed the acquisition of Intercontinental Hotels Corporation and this company is now giving special emphasis to the development of its home market in the U.S. Currently it has an international network of 86 hotels in 48 countries.

GrandMet has already announced plans to merge a number of its hotels into Intercontinental and once details have been worked out and implemented, the return on the group's substantial investment in hotel ownership is expected to improve.

The group's home businesses came through another difficult year in good shape. Grand Met's activities are in brewing and retailing, hotels and catering, leisure, milk and foods and spirits and wines.

The chairman says he cannot take an optimistic view of the immediate economic prospects for the UK, while the U.S. economy has also entered a recessionary phase which has begun to affect the level of consumer demand in some of the group's U.S. markets.

The notes to accounts show that on February 13, 1981, GrandMet made a payment of £50,000 to its present finance director, Mr J. C. Orr, as an inducement to leave his then employment.

Compensation and ex gratia payments of £153,000 (£275,000) and a pension of £14,813 (£14,322) were paid to former directors.

Two UK employees of GrandMet are shown as receiving salaries of more than £250,000, excluding pension contributions. The executives were not identified, but Mr. Orr said yesterday that they ran a very successful business within the group and their remuneration was linked to the performance of that business. GrandMet was satisfied that the arrangement was good for the group and for the shareholders.

At September 30, 1981, group ordinary shareholders' funds showed a slight decrease from £1.24bn to £1.22bn. Fixed assets amounted to £1.89bn (£1.66bn) and net current assets rose from £148.7m to £183.2m.

It is proposed to increase the authorised capital from £325m to £360m by the creation of 70m ordinary 50p shares. Following the increase, unauthorised unissued ordinary capital will amount to £36.45m.

Meeting, The Lyceum, W.C., March 4, at 11.15 am.

Retail side lifts Macpherson

A FINE recovery in the trade and retail division at Donald Macpherson Group, and a substantial profits improvement in established overseas operations, led the way to a 27 per cent increase in taxable surplus for the year to October 25 1981.

As anticipated in the interim report, Mr Rex Chester, chairman, says that the pattern of trading established in the first half persisted throughout the year. Half-time pre-tax profits were £476,000 lower at £820,000.

Against this, says Mr Chester, the trade and retail division was lifted by the performance of "Cover Plus" and Macpherson Hardware in the DIY market. The company is the sole supplier of Cover Plus paints to Woolworths.

Pre-tax profits rose from £2.26m to £2.87m on turnover improved from £80.84m to £90.31m. Exchange gains of £218,000 (losses £299,000) arising from overseas investments, and lower interest charges of £911,000 (£1.05m), more than compensated for a marginal fall in trading profits from £3.61m to £3.56m, according to Mr Chester.

The final net dividend is being held at 2.7p which repeats the total for the year at 4.2p. The dividend absorbs £761,000 (same). Earnings per ordinary 25p share are given higher at 7.3p compared with 2.7p.

An analysis of sales and trading profits shows: UK £66.86m (£65.79m) and £2.41m (£2.68m); overseas £16.9m (£11.43m) and £1.15m (£926,000); with export sales of £4.54m (£3.63m).

Borrowings have increased by £3.7m, says Mr Chester, of which £3.8m was accounted for in the cost of acquisitions made during the year. Gearing now stands at 36 per cent (21 per cent).

Tax took £1.39m, against £1.77m previously.

Extraordinary items of £500,000 (£315,000) reflect provisions for rationalisations. After increased minority interests of £124,000 (£13,000) attributable profits emerged higher at £854,000, against £165,000 last time.

● comment

A very good second half from Donald Macpherson was already in the price. The shares have come up by a quarter in less than a month and yesterday's results, showing a trading profits rise of a third from the closing six months left the shares 6p lower at 80p. A buoyant performance from Cover Plus (the own brand paint for Woolworth) is the key to the figures. Cover Plus volume rose 15 per cent, mainly in the second half, thanks to the success of Woollies' "Operation Crack-down." But the figures do not herald the turning point. Industrial coatings remain difficult—volume was off over 14 per cent last year—and Macpherson cannot be looking for another significant gain in market share for domestic paints. This year should see some of the string of acquisitions turning in a profit and Able Jack's losses, over £250,000 last year, will be absent. Yet price rises will be few and far between in 1982 and gross margins could come under quite a squeeze. A p/e of 10.3 and a yield of 7.7 per cent may be a little vulnerable now.

RESULTS AND ACCOUNTS IN BRIEF

MURRAY CALEDONIAN INVESTMENT TRUST—Pre-tax profit for half-year to December 31 1981 £1.52m (£964,931), tax £570,903 (£374,244). Stated earnings per 25p share up 2.33p estimated, net asset value per share 102.5p (106.4p). Interim dividend of 1.6p already announced.

GLANFIELD LAWRENCE (motor vehicle distributor and engineer)—Results for year to September 27 1981 and prospects reported February 5. Shareholders funds £2.61m (£1.97m); net current assets £424,178 (£523,240); fixed assets £2.44m (£1.66m); decrease in working capital £99,070 (£90,628). Meeting: North Finchley, London, N., March 8, 11.30 am.

WINTERBOTTOM ENERGY TRUST (investment trust)—Results for year to November 30 1981 reported on January 6, 1982. Investments—listed at market valuation—in Britain, £1.18m (£7.87m), overseas £19.29m (£13.63m), unlisted at directors' valuation £82,627 (£266,621); net current assets £48,176 (liabilities £311,260): total increase in liquidity £189,006 (£76,000 decrease). Meeting, Great Eastern Hotel, EC, March 2, at 11 am.

LANCASHIRE AND LONDON INVESTMENT TRUST—For the year ended December 31 1981. Franked investment income £134,342 (£123,771); unfranked investment income £14,509 (£14,103); dividend from subsidiary £2,800 (same); total investment income £151,651 (£146,674); net bank interest and other income £67,461 (£49,222); management and other charges £27,519 (£20,585); taxable revenue £181,496 (£175,328); tax £69,430 (£62,009); revenue after tax £122,066 (£113,319); net dividend of 2.875p (2.625p) per 25p share costing £156,000 (£105,000); net asset value per share 95.4p (97.2p).

NEW TOKYO INVESTMENT TRUST—No dividend for first accounting period from October 20 1980 to December 31 1981. Achievement of capital growth is principal policy objective. Pre-tax revenue deficit £5,815. Tax (not recoverable) £12,949. Deficit per 50p share 0.19p. Net asset value per share 124.3p and adjusted for exercise in full of rights attached to warrants 122.1p.

MURRAY GLENDEVON INVESTMENT TRUST—Holders of 53,107 "A" ordinary 25p shares have elected to convert their holdings into an equivalent number of ordinary 25p shares at January 31 1982, leaving 238,964 "B" ordinary shares in issue. The directors intend to give notice to the holders of the "B" ordinary remaining in issue of the compulsory conversion of their "B" ordinary into an equivalent number of ordinary shares as at March 31 1982.

SHARE STAKES

Asprey and Co—On February 5 Sears Holdings acquired an interest in 20,000 ordinary shares and as a result had at that date an interest in 457,750 ordinary.

Applied Computer Techniques (Holdings) — R. K. Foster, director, re Foster Investments Childrens Trust, disposed of 30,000 shares on February 4 at 180p leaving holding 150,000.

Dufay Bitumastic — AAA Industries has disposed of 175,000 ordinary shares, making holding 580,000 (4.89 per cent).

Kelinck Trust—On February 1 J. N. Oppenheim, director, disposed of a beneficial interest in 450,000 convertible preference shares at 25p. His interest now amounts to 831,504 ordinary and 1,371,824 variable rate convertible preference shares.

Mills and Allen International—Merchandise and Investment Trust has sold 960,557 ordinary shares to Hambros Investment Trust. The vendor's subsidiary, MIT Securities has sold 251,117 shares to Hambros Investment Trust. Accordingly, the subsidiaries of Hambros no longer hold any shares in Mills and Allen and Hambros Investment Trust holds a total of 1,211,674 ordinary shares (9.65 per cent).

Strong and Fisher (Hldgs)—London Trust Company has sold 45,666 ordinary shares reducing holding to 1.4m shares (12.76 per cent).

A. F. Bulgin—Mr R. E. Bulgin, director, sold 40,000 "A" non-voting ordinary shares.

London Industrial Holdings—J. A. Dale, director, has sold 10,000 ordinary shares at 38p.

Union Discount Company of London—The Merchant Navy Officers Pension Fund is now the beneficial owner of 600,000 £1 stock units (6 per cent).

Kalamazoo—Mr D. A. Tyler, director, sold 20,000 shares.

Rights and Issues Investment Trust—Jove Investment Trust holds 250,000 income shares (10.42 per cent). E. D. Barkway, director, has bought 1,750 7½ per cent preference shares at 53p.

LONDON TRADED OPTIONS

Feb. 9 Total Contracts 2,029. Calls 1,170. Puts 859.

Option	Exercise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	300	10	30	20	—	28	—	290p
BP (c)	330	5	1	8	—	17	—	"
BP (p)	300	24	25	30	—	36	—	"
BP (p)	330	52	25	56	—	60	20	"
BP (p)	360	88	—	85	—	—	—	"
CU (c)	130	17	—	22	—	28	—	150p
CU (c)	160	11	—	15	—	23	—	"
Cons. Gld (c)	500	15	—	32	6	37	1	468p
Cons. Gld (p)	460	20	37	27	—	57	—	"
Cons. Gld (p)	500	42	1	55	—	57	—	"
Ctlds. (c)	70	12	—	15	—	20	—	79p
Ctlds. (c)	80	6½	85	8½	81	10½	1	"
Ctlds. (c)	90	2½	—	—	—	7	—	"
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	824p
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Grd Met. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	121p
Grd Met. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Grd Met. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Grd Met. (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ICI (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	339p
ICI (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ICI (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ICI (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
ICI (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Mks & Sp. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	150p
Mks & Sp. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Mks & Sp. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	370p
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
		February		**May**		**August**		
Barclays (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	460p
Barclays (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Barclays (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Imperial (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	72p
Imperial (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Lasmo (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	347p
Lasmo (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	84p
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Lonrho (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
P&O (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	134p
P&O (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
P&O (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Racal (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	373p
Racal (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Racal (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	440p
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"

C=Call P=Put

MINING NEWS

Western Mining down 80% in the first half

BY KENNETH MARSTON, MINING EDITOR

HIT BY the weak market for nickel together with sharply higher costs, Australia's Western Mining has seen its attributable net profit for the first half of the year to end-June shrink by 80.4 per cent to A$6.51m (£3.82m) from A$33.16m in the same period of the previous year.

The comparative figures are even less favourable when allowance is made for the fact that the latest net profit is reached after a tax credit of A$5.11m whereas there was a tax deduction of A$15m a year ago.

Furthermore, the major mining group says that the contioulng depressed demand for metals and the reduced prices coupled with high intereat rates and increasing costs mean that profitability is expected to remain at a low level for the rest of the financial year. The company adds that it is not possible to predict when conditions will improve.

Still, Western Mining is managing to stay in the dividend list with an interim payment of 1½ cents (0.9p), albeit cut from 7 ceots a year ago when the subsequent final also amounted to 7 cents.

Sales of gold were sharply higher but those of nickel fell 12 per cent and this coupled with lower prices resulted in an 18 per cent fall in nickel revenue. At the same time, nickel costs rose 23 per cent, reflecting the general increase in operating costs, particularly of labour and fuel.

Interest charges moved up in line with bigher interest rates and increased borrowings. Investment and other income, however, rose by some A$6m thanks to the inclusion of Government export incentive grants relating to claims from past years together with share sale profits made by the 80.2 per cent-owned BH South.

BH South investment and mining subsidiary reports a 26.7 per cent fall to A$2.7m in operating profits for the period. However, there was also a surplus of A$2.86m arising from the sale of shares and rights in Beach Petroleum.

Thus BH South comes out with a consolidated operating profit of A$5.56m compared with A$3.69m a year ago. The company is maintoining its interim dividend at 4 cents (Western Mining's share of this is worth A$1.64m).

It also announces that the first railings of phosphate rock have started at the reopened big phosphate deposits in Queensland.

Following the latest results, shares of Western Mining dropped 15p to a low of 215p in London yesterday. At this level, however, they could start to attract investors looking to the longer term recovery prospects.

Lower metal prices cut profits at Bougainville

LOWER PRICES for copper, gold and silver cut 1981 profits of the Rio Tinto Zinc group's big Bougainville mine in Papua New Guinea, despite significantly higher production.

Net profits came out 68 per cent lower at Kina 22.79m (£17.4m), against K71.53m for 1980, aod the total dividend is cut to 5 toea (3.8p) from 20 toea last time, with a final paymeot of 3 toea.

Bougainville said that the 1980 return oo capital at 12.2 per ceot was already inadequate, and last year it fell to just 3.9 per cent.

There is little *optimism* over the immediate future, either. The company said preseot indications are that 1982 is unlikely to show any improvemeot over last year.

Improved recoveries and higher head grades contributed to increased production of all metals, but Bougainville said this is only a temporary phenomenon as it is expected that grades will fall as the pit advances.

The company has already begun the installation of an eleventh ball mill to offset the long-term downwards trend in production, and has now decided to construct a twelfth mill, which will be commissioned in March next year.

Bougainville said it does not expect an early conclusioo to its discussions with the oational government over the seven-year review of the agreement between the two parties, which began last year.

The problem is that the regiooal government of the North Solomoos, where Bougainville is situated, is seeking a larger share of the divideods and tax from the mine. A demoostratioo in support of the regional authority closed the mine for four days last October.

The dispute has still oot heeo resolved, and the regional government has so far refused to take part in tripartite negotiations with Bougainville and the national government. Thus the company's talks with the PNG government are still in abeyance.

Bougainvile shares lost 6p to 64p in London yesterday, but CRA, which owns 53.6 per cent of the company, closed unchanged at 162p after an initial fall to 159p. CRA is itself owned as to 57.2 per cent by Rio Tinto-Zinc.

Asarco earnings lower

GAINS TOTALLING $64.6m from the sale of tax benefits, foreign exchange adjustments and accounting changes have left Asarco of the U.S. with a net profit for last year of $50m (£26.9m), compared with $237.3m in 1980.

Fourth quarter oet profits were $15.3m after non-operational gains of $36m, against profits of $24.7m last time.

Asarco said esrnings for both the quarter and the full year were substantially redured because of the fall in the prices of its major products, especially copper and silver.

In sddition, the equity contribution from the company's overseas affiliates in Australia (MIM Holdings), Mexico and Peru was also hit by lower metal prires, and fell to $46.6m from $195m in 1980.

The company said it expects this year's results to continue to be adversely affected by low metal prices, although it believes that current low consumer stocks of copper, lead and zinc will help profits once there is a pick-up in world economic activity.

Capital spending plans have been more or less maintained, with $140m proposed for this year compared with $163m in 1981.

The weakness of metal prices, coupled with higher operating and exploration costs, also contributed to a fall of 72 per cent in 1981 net profits of Homestake Mining, the biggest gold producer in the U.S.

Mr Harry Conger, chairman, said he does not expect any significant improvement in precious metsl pricea over the next few quarters.

Homestake's profits were also hit by a strike at the lead and zinc divisions, and a tax change at the old Homestake gold mine in the Black Hills of South Dakota.

The state's severanre tax is now based on gross revenuea inatead of operating profits, and amounted to $7.5m last year in comparison with $4.7m in 1980. The company is contesting the change.

TIN OUTPUTS

The latest monthly tin concentrate outouts from the companies in the Malaysia Mining Corporation group are compared in the following tahle:—

	Jan tonnes	Dec tonnes	Nov tonnes
Aokam	127	123	77
Ayer Hitam	174	235	250
Berjuntai	278	338	312
Kamuntung	16	15	14
MMC	691	747	694
Sungei Besi	79	80	63
Tongkah Harb.	49	61	8
Tronoh Mines	46	48	45

BIDS AND DEALS

EXCO BUYS CARR SEBAG'S HONG KONG OFFSHOOT

The sale of a plum asset

BY CHRISTINE MOIR

WHEN Exco, the holding company for money brokers Astley and Pearce and Godsell, came to market in November, it promised shareholders a programme of expansion in related financial services. It is wasting no time fulfilling that promise.

At about the time of its flotation Exco bought a third stake in Telerate, the American international communications network which enables dealers to flash prices immediately across the world.

As Mr John Gunn, Exco's chairman admitted yesterday, that purchase "was no trade investment." Exco intended to use the network to flash prices in addition to its money broking operations.

So, for instance, it will start bullion broking in Hong Kong in May and some time ago it made a decision to enter the field of international stockbroking in the Far East.

Coincidentally, Mr Richard Bradley, a director of Exco, had been a partner in W. I. Carr Sons & Co (Overseas), a Hong Kong based international stockbroking firm, prior to the merger of W. I. Carr and Joseph Sebag, two London brokers in 1979.

WICO, as the Hong Kong company is known, was 70 per cent owned by Carr Sebag with the remaining equity held by the local partners.

The relationship between WICO and Carr Sebag had been strained for some time. Ever since the merger, WICO had been the tail wagging the dog: it produces most of Carr Sebag's profits.

WICO is also straining for fresh capital. International stockbroking is capital intensive both because of time differences in settlement of international bargains and because of the costs of setting up a network of international offices and communication systems.

Carr Sebag, which was having problems of its own at home, could not supply the capital. Its large private client business Carr Sebag has between 5,000 and 6,000 private clients—was unprofitable because costings had got out of hand.

It is also fair to say that some of the strain arose because the senior executives of Carr, WICO and Sebag had never fully settled down after the merger which ended up being headed by a triumvirate instead of a single senior partner.

The financial pressures on its London business and the growing clamour by the WICO partners finally persuaded Carr Sebag to sell WICO, although it was its plum asset and only real profit centre.

Mr Bradley got to hear that WICO was for sale, persuaded two Carr Sebag partners, Mr Philip Rimell and Mr Roger Powner, to leave and become respectively London and Hong Kong managing directors, and Exco put in its bid.

"If we had had the capital," Mr Roddy Macleod, one of Carr Sebag's senior partners admitted yesterday, "We wouldn't have done it."

However, Carr Sebag is now confident that the £4.5m cash injection its London business will get as a result of the sale, will make it one of the best capitalised London broking firms, able to return to a good level of profitability.

It is Exco, however, that will now own one of the longest established broking names in Hong Kong, itself the main centre for the escalating foreign investment into the Far East.

It intends to build up WICO's existing small office in the U.S. to attract some of the $5bn or so which U.S. institutions are currently investing abroad each year, particularly in the Far East. And further down the line it plans expansion in Australia and Japan, using WICO's reputation for sound research as the key attraction.

Until 1986 it will also continue to have close links with Carr Sebag itself, whose fund management department has lent heavily on WICO's research and broking facilities.

For the present Exco is content to expand WICO as a pure stock-broking operation and refuses to see any problems looming as a result of threats by the giant Chinese broking houses that they will exclude foreign firms from the new unified Hong Kong Exchange due to open in 1984.

Down the line, however, Exco must be tempted by the rich pickings to be had in international fund management out of the Far East. Groups like Jardine Fleming, Fidelity International and Wardley Investment Services are showing powerful growth in their Hong Kong fund management businesses. A stockbroking seat might, therefore, be ultimately less important.

'Dawn raid' puts 49p on Wood Hall's share price

BY DUNCAN CAMPBELL-SMITH

A "DAWN RAID" by brokers Fielding Newson-Smith boosted the share price of industrial holding group Wood Hall Trust, one of the few remaining UK companies with substantial assets and profits in Australia. Its shares closed up 49p at 205p.

The purchaser remained anonymous at the close but is understood to be Elders IXL, the Australian group which resulted from the merger last year of the aggressive trading concern Henry Jones (IXL) and Elder Smith Goldsbrough Mort, the woolbroker, livestock and property agent which represents one of Australia's oldest business enterprises.

Fieldings announced before 9 am that they were seeking to buy up to 2.4m shares—accounting for 10 per cent—of Wood Hall at 200p. Hoare Govett (Far East) assisted the raid with purchases in Hong Kong, where Fieldings believe "a reasonably significant" proportion of Wood Hall's shares are held.

Fieldings could not disclose how many shares they had bought by the official opening of the market at 9.30 am but later confirmed that they were still in the market after that time. Shortly afterwards, however, Wood Hall's shares rose above the 200p level.

They remained there for the rest of the day, assisted in part by purchases by brokers Laing and Cruikshank. The brokers confirmed that they had been buying "on behalf of a UK institutional investor client" but did not disclose the latter's identity.

The management of Elders IXL is led by Mr John Elliott who headed Henry Jones (IXL). Mr Elliott and a number of colleagues are understood to have visited London two weeks ago.

Both Mr Michael Richards, the chairman of Wood Hall, and Mr Eddie Turner, the manager of Elder Smith's London office, declined to comment on the day's developments.

M and G Investment Management is a major institutional shareholder in Wood Hall, with just over 12 per cent of the stock. The firm said Wood Hall had been a repeated subject to takeover rumours over the last year or more. It had not sold any shares during yesterday.

Wood Hall's UK operations largely consist of its building and construction interests which have been hard hit by the recession. In the year to last June, they lost £6.98m which helped pull back the company's pre-tax profits from £9.78m to £4.07m.

Larger losses were prevented by the continuing profitability of Wood Hall's Australian businesses, which earned £6.2m in pastoral trading activities alone, on turnover of £340.3m.

The company also sold a number of important investments—including its shares in Elder Smith Goldbrough Mort, which it sold for a profit of £4.2m only months before the Elder IXL merger.

Carpets Int. sells stake in Hong Kong subsidiary

BRITAIN'S leading carpet manufacturer Carpets International is selling a 40 per cent stake in a new Hong Kong subsidiary to its major shareholder Hong Kong Carpet Manufacturers, following a regrouping of its Far East carpet interests into the new company.

Hong Kong Carpet built up a stake of 29.98 per cent in Carpets International (CI) in a raid on the shares last May.

The sale, which is being done through CI's subsidiary Carpets International South East Asia, is for a cash consideration of HK$7.63m (£0.7m) which will be used to repay part of CI South East Asia's borrowings.

CI says the deal will strengthen the group's operations in South East Asia by providing access to the expertise and local knowledge of Hong Kong Carpet, one of the leading carpet manufacturers in that region.

As part of the deal CI South East Asia will sell (with effect from July 4 1981) its interests in its two subsidiaries and three associates to Carpets International Hong Kong 1981 (CI Hong Kong), a new wholly owned subsidiary, for HK$18.57m (£1.71m)—to be satisfied by the issue of 18.57m ordinary shares in CI Hong Kong to CI South East Asia.

CI South East Asia will then sell 7.43m shares in CI Hong Kong (40 per cent of the issued capital) to Hong Kong Carpets, for the cash consideration of £0.7m.

The interests being sold to CI Hong Kong comprise—CI Malaysia (62.9 per cent); CI Singapore (45 per cent—the balance of the shares are held by CI Malaysia); Pacific Carpets International (33.34 per cent); CI Thailand (24.53 per cent); and CI Philippines (30 per cent). All the companies are engaged in either the manufacture or marketing of soft floor coverings.

Upon completion of the transactions CI South East Asia and Hong Kong Carpet will hold 60 per cent and 40 per cent respectively of the capital of CI Hong Kong whose only assets will be the shares of the subsidiaries and associates sold to it.

The net assets and profits before tax attributable to those interests are £1.25m and £56,000 respectively. Carpets International—which has been rationalising its operations in the UK and the U.S.—showed a pre-tax loss of £6.4m for 1980 and a deficit of £2.2m for the first half of 1981.

The deal will be put to shareholders for approval at a meeting on February 24.

NO PROBES

The proposed merger between the Burmah Oil Company and Croda International will not be referred to the Monopolies and Mergers Commission. Other mergers which have been cleared are those between Consortium of Banks and International Commodities Clearing House; Lloyds and Scottish and Bowmaker; United Biscuits (Holdings) and Joseph Terry and Sons.

Electra takes stake in U.S. reprographics

Electra Investment Trust has invested £1.4m in Aarque Office Systems Corporation and subsidiaries, a new group formed in the U.S. to acquire the reprographic operations of GAF Corporation. Electra's investment was made with three American and one other UK investor.

GAF Reprographics is a leading manufacturer of blue print equipment supplies and sensitised films with annual worldwide sales of more than £100m.

Electra's investment is in the form of 19 per cent subordinated loan stock and warrants to buy, at a normal consideration, about 22 per cent of the new group's equity.

Berec to halt Hong Kong manufacturing operation

Berec, the Ever Ready battery group which became a subsidiary of Hanson Trust last December, is to discontinue its Hong Kong manufacturing operation.

Berec acquired the Hing Wah business for £1m in 1978, subsequently moving it to a larger factory in the New Territories with a capacity of about 200m zinc carbon batteries a year.

However, depressed markets and heavier than expected start-up costs at the new factory have produced continuing losses. These were estimated at £2.5m by Berec during its take-over battle with Hanson but are now anticipated at £3m pre-tax for the year ending February 28 1982.

Mr Colin Stapleton, Berec's former chairman and now its managing director, confirmed the closure would mean a diminution of Berec's presence in the Far East market generally, although Hing Wah was presently operating at only 25 per cent of full capacity.

Mr Anthony Alexander, a chief executive of Hanson's UK industrial interests and now the chairman of Berec, stressed that the closure decision was taken unanimously by the Berec board. It had, though, been "galvanised" into taking another close look at the Hong Kong losses in the wake of the Hanson take-over.

"They obviously had a problem," said Mr Alexander. "The losses of the business and the future potential just didn't match."

YOUNGER FURNITURE

Contracts have been signed by the joint receivers of Younger Furniture, Mr Richard Agutter and Mr Guy Parsons, of Peat, Marwick, Mitchell, for the sale of the Younger Furniture business based at Bow, to Queensway Securities.

FORT HOWARD/ STERLING INTL.

Fort Howard Paper Company of the U.S. has entered into an agreement to acquire an 80 per cent stock interest in the UK subsidiaries of Sterling International, of San Francisco, U.S., for around 570,000 shares of Fort Howard common stock.

ATLANTIC INT. BANK

The shareholder structure of the Atlantic International Bank is to change, following the agreement in principal by tha F. van Lanschot Bankiers NV to sell its 16¾ per cent holding to the Shawmut Bank of Boston NA, bringing the latter's holding to 41¾ per cent.

CITEC ACQUIRES PLESSEY OFFSHOOT

Plessey Resistors of Swindon has been acquired from Plessey by three ex-Plessey employees and will be trading under the name of Citec.

The owners of Citec are, Mr Ron Clark, Mr Tony Warren and Mr David Stapleton.

The divestiture of the Resistor Company is in accordance with Plessey's policy of concentrating its resources in the main product areas. Both companies expect that the prospects for employment and investment will be enhanced as a result of the transaction.

GOSSARD BUYS

Gossard (Holdings), a subsidiary of the Courtaulds Group, has acquired the premises, plant and stocks from the Receiver of J. O. Pierson of Bristol—manufacturer of foundation wear and major suppliers to Marks and Spencer.

Offers of employment will be made to the majority of the 214 employees of Pierson by Gossard, which employs some 3,600 people in the UK and overseas.

SKETCHLEY OFFICE

Sketchley Office Cleaning Services has acquired Clean Space, which has 30 substantial contracts and employs 200 people.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	8	12	—	—	10	45	$380.25
GOLD C	$400	10	1.10	—	—	8	31.50	"
GOLD P	$350	—	—	1	7	—	—	"
GOLD P	$375	—	—	18	16.50	515	18	"
GOLD P	$400	1	22	—	—	2	31.50	"
12¼ NL 81 87-91								
C	F.105	11	2.10	50	2.90	—	—	F.107
C	F.107.50	100	0.30	—	—	—	—	"
P	F.102.50	—	—	—	—	20	0.50	"
P	F.107.50	—	—	—	—	5	1.70	"
12 NL 81 85-88								
C	F.100	2	5	—	—	—	—	F.103
10¼ NL 80 86-95								
C	F.97.50	—	—	100	1.60	—	—	F.97.90
P	F.97.50	—	—	100	0.90	—	—	"
		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	
ABN C	F.280	7	4.10 B	—	—	—	—	F.273
ABN C	DM.520	3	0.60	—	—	—	—	"
AKZO C	F.22.50	29	5.10	—	—	—	—	F.27.50
AKZO C	F.26	149	3	10	5.70	—	—	"
AKZO C	F.27.50	85	1	58	1.90	17	2.80	"
AKZO P	F.26	—	—	20	0.80	—	—	"
AKZO P	F.27.50	82	1	75	1.50	8	1.70	"
AMRO C	F.50	23	0.90	—	—	5	2.20	F.46.30
AMRO C	F.55	—	—	5	0.50	—	—	"
KDOA C	$80	—	—	—	—	2	4¼	$73⅞
HEIN C	F.50	3	4.20	—	—	—	—	F.53
HEIN C	F.55	14	1.20	55	2.50	—	—	"
HEIN P	F.50	—	—	54	1.70	—	—	"
HOOG C	F.17.50	—	—	24	1.70	—	—	F.17.40
HOOG C	F.20	20	0.20	—	—	—	—	"
KLM C	F.80	26	8.50 B	—	—	—	—	F.87.50
KLM C	F.90	103	4.30	7	7.20	—	—	"
KLM C	F.100	35	1.80	7	4	—	—	"
KLM C	F.120	35	0.20	—	—	—	—	"
KLM P	F.80	27	1.40	—	—	—	—	"
KLM P	F.90	10	5.50	—	—	—	—	"
KLM P	F.100	4	14	—	—	—	—	"
NEDL C	F.130	10	4.30 B	—	—	—	—	F.128.20
NEDL C	F.140	6	1.20	4	5	—	—	"
NEDL P	F.130	66	4 A	25	11	—	—	"
NATH P	F.105	6	0.70	—	—	—	—	F.107.40
PHIL C	F.20	115	4	14	4	—	—	F.23.60
PHIL C	F.22.50	351	1.80	87	2.10	2	2.70	"
PHIL C	F.25	64	0.50	203	1	107	1.40	"
PHIL P	F.22.50	55	0.50	45	0.70	180	0.90	"
PHIL P	F.25	80	1.60	—	—	—	—	"
RD C	F.80	225	4.50	2	6.40	21	7.70 B	F.81.10
RD C	F.90	93	1	49	2.20	11	3.20	"
RD C	F.100	—	—	50	0.60	—	—	"
RD P	F.70	—	—	50	0.90	5	1	"
RD P	F.80	135	2.10	—	—	31	4.30	"
UNIL C	F.160	66	3.50	—	—	—	—	F.157.80
UNIL C	F.170	3	0.80	—	—	—	—	"
UNIL P	F.150	26	0.80	—	—	—	—	"
UNIL P	F.160	6	4.30 B	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 3927

A=Asked B=Bid C=Call P=Put

APPOINTMENTS

A leading international investment group has the following vacancies based in London:

Investment Banker

To work on a wida variety of investment banking transactions in Euro-currency markets—public bond issues, private placements, syndicated bank loans, money market instruments—originating in Asia/Pacific region. Knowledge of business practice relating to one or more financial centres in Asia, fluency in English and Chinese, education to Masters degree in business/finance are required. Age 25-30. Salary circa £15,000. Usual fringe benefits.

Account Executive

To develop European and Middle Eastern business. Must be NYSE and CFTC registered, be familiar with U.S. regulatory bodies' policies and procedures with some U.S. brokerage experience. Fluency in English, Persian and two European languages, education to Masters degree in business/finance. Age 25-30. Basic salary £9,500. Usual fringe benefits.

Please write, enclosing full c.v. to Box A.7759 Financial Times, 10 Cannon Street, EC4P 4BY

COMPANY NOTICES

SUMITOMO FINANCE (ASIA) LIMITED

US$30,000,000 GUARANTEED FLOATING RATE NOTES 1988

For the six months from 8th February 1982 to 9th August 1982 the notes will carry an interest rate of 16 per cent per annum. The interest payable on the relevant payment date 9th August 1982 against Coupon No. 2 will be US$808.89 per US$10,000 note.

AGENT BANK CHEMICAL BANK LONDON

GOLD FIELDS GROUP
DECLARATION OF DIVIDENDS—UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the Standard Conditions relating to the payment of the dividends declared by the undermentioned companies on 20 January, 1982, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of R1.827271 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 8 February 1982 as advised by the companies' South African bankers.

The United Kingdom currency equivalents of the dividends are therefore as follows:—

Name of Company (Each incorporated in the Republic of South Africa)	Dividend No.	Amount per share
New Witwatersrand Gold Exploration Company, Limited	62	9.85076p
Vogelstruisbult Metal Holdings Limited	70	6.01991p

London Office: 49 Moorgate, London EC2R 6BQ.
United Kingdom Registrar: Close Registrars Limited, 803, High Road, Leyton, London E10 7AA.
8 February 1982.

By Order of the Boards, C. E. WEHNER, London Secretary.

BANQUE EXTERIEURE D'ALGERIE

US$35,000,000 FLOATING RATE NOTES DUE 1984

In accordance with the provisions of the Reference Agency Agreement between Banque Exterieure d'Algerie and Citibank, N.A., dated as of August 7, 1978, notice is hereby given that the Rate of Interest has been fixed at 16$\frac{7}{16}$%, and that the Coupon Amount payable on August 9, 1982, against Coupon No. 8 will be U.S.$82.64, and that such amount has been computed on the actual number of days elapsed (181) divided by 360.

By: CITIBANK, N.A., London, Reference Agent.
February 9, 1982.

CITY OF COPENHAGEN
U.S.$25,000,000 6½% 20-YEAR EIGHTH CENTENARY LOAN OF 1967

Bondholders of the above loan are advised that the Redemption due the 15th April, 1982, i.e. U.S.$1,250,000 nominal has been effected by purchase.
The outstanding balance after the redemption is U.S.$6,250,000 nominal.
HAMBROS BANK LIMITED
9th February, 1982.

PUBLIC NOTICE

THE CITY OF EDINBURGH DISTRICT COUNCIL
Bills £900,000. Bills from 5.2.82 to 7.5.82 at 13$\frac{9}{16}$%. Applications £3.6m. £5.9m outstanding.

INTERNATIONAL COMPANIES and FINANCE

Bond rescheduling efforts pose serious problems

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE EUROBOND market is facing the most serious problems in its 20 years of existence with the efforts of borrowers such as Costa Rica to reschedule bond issues, according to Dr Michael von Clemm, chairman of the investment bank Credit Suisse First Boston.

The precedent set by such cases which started last year with the restructuring of the debts of Adela Investment, a group promoting Latin American developments, could stunt the vigorous growth of the market, which last year saw the flotation of about $31bn of new issues, he told the Financial Times Euromarket Conference.

Dr von Clemm attacked the "intolerable" conflict of interest experienced by some banks in the sterling committee renegotiating Costa Rica's foreign debt. These banks were pressing for the bond issues to be rescheduled and "also wish to be regarded as originators of bond issues.

"People who want to be in the business of participation in the bond market have got to resolve that conflict of interest or they should leave the field of the Eurobond market," he said.

Unless the practice was stopped, there would be more cases of borrowers trying to reschedule bond issues so that finally, "it is going to be absolutely out of the question that borrowers of anything other than triple A quality will be able to tap the market."

"We have been cajoled, encouraged and requested, to open the markets for developing countries," he said, "but there would be no room for countries such as Brazil, Mexico and Argentina, not to mention even lesser-rated names which have tapped the market in the past."

The U.S. dollar was likely to remain over-valued on exchange markets, said Mr C. Fred Bergsten, director of the U.S. International Economic Institute. This would be attributable to continuing high interest rates as well as slow economic growth, which would limit the rise of the U.S. balance of payments deficit.

FINANCIAL TIMES
The Euromarkets in 1982
CONFERENCE

But there were solid grounds for anticipating a fall in D-mark interest rates and a limited appreciation of the German currency on exchange markets, according to Dr Axel Kollar, deputy member of the managing board of Westdeutsche Landesbank. West Germany's current account balance of payments was likely to continue improvement, so that it could show a DM5bn surplus in 1982.

The inflation rate could be expected to fall markedly in the course of this year, he said.

Mr Armin Mattle, managing director of Union Bank Switzerland (Securities), called for a consensus to be reached on improved syndication techniques in the Eurobond market. Traditional new issue techniques were now too cumbersome and time consuming, but the popularity of the pre-priced issue, or bought deal, "has led some lead managers, including very prominent firms, to engage in unfair syndication practices."

The inability of the U.S. authorities to co-ordinate monetary and fiscal policy is shattering the U.S. economy, according to Mr Norman Robertson, chief economist of Mellon Bank.

Mr Robertson told the conference that U.S. economic output in the final quarter of this year would be only 3 per cent higher than in the same quarter of 1978.

"Anti-inflation rhetoric and a few months of remission from accelerated price rises are not enough to persuade the markets that inflation has turned," he said. As a result interest rates would remain high.

Unless there was some change in fiscal policies the U.S. would remain trapped in a cycle of weak and sputtering economic growth. Only prompt and decisive measures to reduce the budget deficit will bring about lower interest rates, he said.

Mr W. Trevor Robinson, senior vice-president and London general manager of Manufacturers Hanover Trust, charted the development of new financing techniques in the international bond and capital markets.

Over a long period, he said, the market participants had shown unending inventiveness and flexibility and the one prediction that could be made with certainty was that they would go on adapting to the environment in which they worked.

The next decade would see a greater polarisation of margins in the Eurocredit market, according to Mr Mark Deverell, divisional general manager of Barclays Bank International.

International banks could be expected to shy away from whole sectors of sovereign risk, but at the same time would take a closer look at other, safer risks.

He said there could thus still be room for a decline in lending returns to first class sovereign and corporate borrowers.

There had also been a decline in margins for project finance, he said, which was the result of a switch among lenders to this type of business after other sectors of the Eurocurrency market became less attractive.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16.

Closing prices on February 9

U.S. DOLLAR STRAIGHTS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

DEUTSCHE MARK STRAIGHTS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Foreign sterling issue for Reed

By Alan Friedman

A RARE £25m seven-year Eurosterling bond was launched last night for Reed International, the British paper, publishing and building products group. The borrower will be paying 16¾ per cent, the highest known coupon for a Eurosterling bond. S. G. Warburg is lead manager.

The last Eurosterling issue was a £25m offer for Hiram Walker last April. The borrower paid 14½ per cent at the time.

In the Eurodollar sector the fashion for "instant replay" borrowers continued with the second appearance of General Electric of the U.S. in a fortnight. GE, which offered $800m of zero coupon paper two weeks ago, is back with a two-tranche $600m zero coupon offer.

The first tranche is $400m over 13 years, priced at 17.25 per cent to yield 14.47 per cent. The remaining $200m is 12-year paper at 19.75 per cent with the same yield. Morgan Stanley and Goldman Sachs are also repeating their earlier role as lead-managers for GE.

A $400m seven-year floating rate note offer was launched last night for Sweden. The paper bears a minimum coupon of 5¼ per cent and a spread of ¼ per cent above the mean of the six-month London interbank bid and offered rates.

There is also an option which allows noteholders to redeem the paper after five years. Lead-manager is Credit Suisse First Boston.

Yesterday also saw the launch of a $60m seven-year 16¼ per cent Eurodollar bond for Carolina Power and Light through Merrill Lynch. The issue is likely to be priced below par and the indicated yield is 16¾ per cent.

A 15-year $30m convertible is being launched for Hitachi Maxwell, the Japanese tapes company. Nikko Securities is lead manager.

Today sees the launch of a $50m convertible for Sumitomo Electric. The 15-year paper will bear a coupon of around 5¼ per cent and will be managed by Daiwa.

In the secondary market, prices of Eurodollar bonds dropped ½ to ¾ point in light trading. Six-month Eurodollar deposit rates reached 16¼ per cent, a ½ per cent rise on Monday.

In the D-mark foreign bond sector a DM 200m nine-year bond is out for Australia with a 9¾ per cent coupon. This borrower's drawing power is as good or better than Philip Morris and it looks as though Deutsche Bank should have a quick sell-out.

Prices generally fell by ¼ of a point yesterday as the dollar strengthened against the D-mark and dealers reacted to the bloated two-month calendar.

The City of Montreal is coming to the Canadian dollar sector with a C$50m seven-year issue this week. The coupon is likely to be 17 per cent and Kredietbank will be one of three lead-managers.

Citicorp note issue

By Our New York Staff

CITICORP, the large New York banking group whose credit rating was recently cut from triple-A to double-A, has sold $200m of five-year notes in the first major borrowing by a financial institution in the U.S. capital markets for many weeks.

The notes carry a coupon of 16 per cent and were priced at 99.50 to yield 16.15 per cent to maturity. Lead manager on the issue was Salomon Brothers.

N. AMERICAN QUARTERLIES

COLONIAL LIFE & ACCIDENT

Fourth quarter	1981 $	1980 $
Net profits	3.0m	3.43m
Net per share	0.69	0.65
Year		
Net profits	14.51m	13.97m
Net per share	2.78	2.70

FMC CORPORATION

Fourth quarter	1981 $	1980 $
Revenue	893.2m	837.5m
Net profits	35.2m	38.4m
Net per share	1.59	1.15
Year		
Revenue	3.42bn	3.24bn
Net profits	176.5m	140.7m
Net per share	5.28	4.20

HECLA MINING

Fourth quarter	1981 $	1980 $
Revenue	15.5m	25.8m
Net profits	11.72m	8.34m
Net per share	10.10	0.47
Year		
Revenue	68.8m	122.0m
Net profits	13.02m	42.1m
Net per share	10.17	2.37

KANSAS CITY LIFE INSURANCE

Fourth quarter	1981 $	1980 $
Net profits	8.42m	7.22m
Net per share	2.24	2.52
Year		
Revenue	203.6m	180.6m
Net profits	26.3m	26.2m
Net per share	9.19	9.17

WARNACO INC.

Fourth quarter	1981 $	1980 $
Revenue	478.9m	465.0m
Net profits	21.17m	16.59m
Net per share	4.88	3.87

Sharp drop in profit at Boeing as demand falls

BY IAN HARGREAVES IN NEW YORK

BOEING COMPANY yesterday reported a sharp drop in both fourth quarter and annual earnings for 1981, reflecting the slump in demand for commercial jets around the world.

Boeing's net earnings were $90m on sales of $2.58bn in the quarter, down from $165.7m on sales of $2.65bn the year before. For the year, the net profit was $473m, compared with $600m in 1980. Sales were up from $9.43bn to $9.79bn.

Mr T. A. Wilson, the chairman, said that demand had weakened for the company's main products, the 727 and 747 aircraft, and that the continued high cost of developing the new 757 and 767 jets, made worse by lower interest income, had pushed Boeing's profits lower.

Boeing's cash and short-term investments were cut from $1.62bn to $920m in the year.

He said that orders from foreign airlines had also been affected by the cuts imposed by the Reagan Administration in the lending power of the U.S. Export-Import Bank.

New orders announced in 1981 totalled $6.1bn in value, down 40 per cent from the $10.3bn in 1980. By the end of the year, Boeing had a firm backlog of $19.4bn, down from $20bn in 1980.

Mr Wilson said that the 727 and 747 jets would continue to face a tough market and would contribute to further weakness in Boeing's cash flow. He said, however, that orders for the more economical 737 airliner, a medium range aircraft, had continued to improve.

Boeing predicted that its 1982 operating margins would continue to be adversely affected by substantially lower sales and orders for 727 and 747 aircraft, two of its most profitable aircraft.

It estimated that sales of 747s would decline this year to 31 from 53 last year, while 727 sales would decrease to 26 aircraft from 94.

The company said total 1982 sales should be in the range of $9bn against last year's $9.79bn.

Boeing recently announced that it would cut between 4,000 and 5,000 jobs from its workforce in the Seattle area because of the lower demand. Last year, Boeing's workforce in the area fell from 81,500 to 76,000.

Sears in office equipment move

BY PAUL BETTS IN NEW YORK

SEARS, ROEBUCK, the largest U.S. retailer which is fast expanding in the financial services sector, is planning a major push in the "office of the future" market.

The Chicago-based retailer is to open 45 so-called business system centres, speciality stores which sell a wide range of electronic products for small businesses and individual businessmen.

Last year, in a departure from the company's traditional general merchandising stores, Sears, Roebuck opened five speciality business system stores in Chicago, Dallas and Boston to test the potential market demand.

The decision to expand quickly in this market reflects the encouraging results of the five speciality business products stores. The retailer now plans to open this year business systems centres in 17 markets with additional stores in the three test markets.

The stores, none of which will be part of an existing Sears complex, will be in primarily suburban locations where the company feels there is a heavy concentration of small businesses and potential customers.

The stores will offer a broad range of electronic equipment under Sears and other brand names. Among the products are small computer systems, software, electronic typewriters, word processors, printers, desktop copiers, calculators and other office equipment.

Among the brands on offer will be IBM, NEC, and Vector Graphic Computers as well as other product systems from Exxon, Hewlett - Packard, Hitachi, Olivatti, Panasonic, Saxon, Texas Instruments and Okidata.

Higher operating result at GTE

BY OUR FINANCIAL STAFF

GENERAL TELEPHONE and Electronics (GTE), second in size to American Telephone and Telegraph in the U.S. telephone market, announced a 16.2 per cent rise in operating earnings for fiscal 1981 to $722m, or $4.32 a share. In the previous year there was a $141m loss provision on the disposal of the consumer electronics business, which is excluded from the figures published yesterday.

The 1981 result is slightly better than Wall Street was expecting, and adds force to forecasts by the brokers of a further increase in earnings this year.

GTE, controller of the largest of the independent telephone systems in the U.S., which also has a joint venture with Ferranti in the UK, operates services in California, Florida and the South-West states. It is also developing a strong presence in the data transmission and private communications systems markets.

The final quarter brought maintained earnings growth, with operating net moving up from $177.7m, or to $190.3 a share, on revenues of $3.06bn against $2.67bn.

Cast in creditor talks on debt delay

By Our Financial Staff

CAST, the leading independent container ship operator in the North Atlantic, is discussing rescheduling the debts on three bulk cargo ships under construction in South Korea.

Mr Kurien Jacob, an executive vice-president of Cast North America, one of the two operating companies for the North Atlantic container service, said that Cast officials were talking with creditors in an effort to extend a $13m payment due in about two-and-a-half months.

The three ships cost about $60m each and would be 150,000 dwt oil/bulk/ore carriers, Mr Jacob said. Cast has a fleet of 19 bulk carriers and containerships.

With the current slump in bulk shipping, Cast wanted to spread its capital expenditure payments out over the next six to nine months, Mr Jacob said. Current cash flow was sufficient to meet operating costs, but not capital expenditure programmes.

Mr Jacob also said a British court had issued a ruling restricting Cast's major stockholder and chairman, Mr Frank Warby, from transferring assets to related companies. Canadian National Railways owns 18 per cent of Cast.

A Canadian National Railways official said his company at present required Cast to pay in advance for services.

Cast was a major CN customer, the official said, adding that CN handled about $20m of container transportation business for Cast.

Anheuser Busch ahead

ANHEUSER-BUSCH, the largest U.S. brewer, boosted its net profits from $35.1m to $43.8m in its final quarter, taking the 1981 total to $217.4m compared with $171.8m. Sales for the year were $3.85bn against $3.3bn after $935m compared with $800.5m in the final period. Volume was up from 50.2m barrels to 54.5m for the year and annual per share earnings were $4.79 against $3.80 with the final three months chipping in 97 cents compared with 78 cents, writes Our Financial Staff.

Wall St strengthens Hollywood link

BY IAN HARGREAVES

MORE SIGNS of the booming Wall Street interest in financing work of Hollywood emerged yesterday. Columbia Pictures said it had formed a joint venture designed to provide about half the money it needs to make new films and a rescue plan was announced for Filmways, the small and troubled Los Angeles film and television company.

In another development, a new management structure has been set up at MGM Film, in a move which is probably intended to reassure bankers and investors that MGM's extended balance sheet will not be allowed to run out of control.

The Columbia joint venture, which follows the company's recent agreement in principle to be taken over by Coca-Cola, is designed to raise $160m in external financing and to enable Columbia to step up its film output from about 12 a year to 18 per year.

Columbia already has a tie-up with Home Box Office, the cable television service operated by Time Incorporated, which covers part of production costs on its films in return for agreement that HBO will have the first option to screen films when they are released from the theatre circuit.

Columbia's associate in the joint venture is Delphi Partners, which is headed by two lawyers who have invested in films for many years. Other investors will be offered $60m of limited partnership interests in $5,000 units.

MGM already has a successful scheme of this type and there are now at least five Wall Street sponsored film finance schemes on the market.

In addition, D. H. Blair, another Wall Street investment bank, has recently started selling shares in Sherwood Forest, a new comedy film about Robin Hood to be made in England by Mr Mel Brooks.

The attraction of these kinds of deals, which are not new in concept, is that wealthy investors stand to make large gains if a film is successful but also are able to take advantage of tax losses if the film is a failure.

The rescuer of Filmways, which incurred losses of $19.9m from continuing operations in the nine months to November 30, is Orion Pictures and a group of venture capital investors which includes First Chicago Investment and Warburg, Pincus Capital.

The investors will pay $26m for shares in Filmways, and Orion, which has a close link with Warner Communications, will provide management.

At MGM, the latest manoeuvre of Mr Kirk Kerkorian, the financier who controls the company, has been to bring in Mr Frank Rothman, a Hollywood lawyer, to be chairman of a new parent organisation for MGM Film and United Artists.

The move means that in future Mr Frank Rosenfelt, chairman of MGM Film, and Mr David Begelman, chairman of United Artists, will have a new boss. This has caused some speculation that either or both of these men might leave the company, although Mr Rosenfelt said he was entirely happy.

Since the United Artists takeover, MGM has been burdened with about $700m in debt, more than twice its equity. Only a major film success could alter this picture, and recently MGM has been short of success at the box office.

Italtel seeks link with GTE of U.S.

By Rupert Cornwell in Rome

ITALTEL, the state-owned telecommunications equipment manufacturer, is seeking an agreement with General Telephone Electronics (GTE) of the U.S. as the next step in creating a nationally dominated grouping to compete in the Italian and foreign markets for all-electronic exchanges.

In a statement here, Italtel indicated its preference for GTE over Ericsson, the Swedish manufacturer, as a partner in the developing of its Proteo small and medium-sized exchange technology. The choice, however, still has to be ratified by STET, Italtel's parent company in the publicly owned IRI group and by the Government.

Italtel underlined that an alliance with GTE offered the best prospects of securing its own technological independence and furthering its prospects on foreign markets. This is despite the fact that the fruits of a deal with the American company will not be seen until 1986 or 1987, at least a year later than would have been the case with Ericsson.

The technical and commercial deal with GTE builds up on a similar agreement last year reached between Italtel and Telettra, the transmission subsidiary of the Fiat motor group.

GTE already has a number of links with European telecommunications companies. Late last year it formed a $17m joint venture with Ferranti of the UK with the intention of setting up a manufacturing and marketing operation in Britain.

Liechtenstein bank income up

By John Wicks in Zurich

THREE BANKS operating in the principality of Liechtenstein have reported higher profits and a rise in their balance-sheet total for the past year.

The publicly-owned Liechtensteinische Landesbank recorded net earnings of SwFr 5.84m ($3.05m), an increase of 13 per cent over the 1980 figure.

Profits of Bank of Liechtenstein improved by some 24 per cent to SwFr 12.3m, while at Verwaltungs-Und Privatbank net earnings rose by 15.6 per cent to SwFr 5.2m.

Charles Batchelor looks at the Dutch planemaker's reaction to ending its U.S. link

Fokker goes back to the drawing board

FOKKER'S DREAM of taking on the world's largest aircraft makers has evaporated with amazing speed. Nine months to the day after the Dutch aircraft group and McDonnell Douglas of the U.S. announced their decision to co-operate on a new 150-seat airliner—code-named the MDF-100—the two companies have decided to end the project.

Three factors led to the cancellation of a deal which could have taken Fokker into the big league of aircraft making. The decline in the fortunes of the world's airlines meant none was prepared, or able to spend money on a totally new aircraft, tenatively priced at $25m.

Aircraft engine makers held back because of the problems of the airlines, and it was unlikely a suitable power unit would have been ready by the time the MDF-100 was supposed to go into service, in 1987.

Ironically, lower-than-expected aviation fuel prices helped kill the MDF-100. A strong selling point was a promised fuel saving of some 40 per cent. With fuel now costing $1 a gallon instead of the projected $1.50, fuel saving is now not an urgent enough issue to warrant a complete new aircraft.

"In theory, the airlines admit there is still a need for a modern 150-seat jet," says Mr Dan Krook, Fokker's marketing manager. But not even the largest U.S. airlines were ready to commit themselves while Fokker had hoped for an initial order of between 50 and 100 aircraft.

In fact, not a single aircraft was sold, despite earlier forecasts of a market potential of 2,000.

Why did Fokker and McDonnell Douglas not simply mothball the project for a year or two? "It would have cost us several million guilders a month just to keep the project ticking over," says Mr Frans Swarttouw, Fokker chairman. "A company the size of Fokker could not afford those sums." Fokker drew a lesson from the VFW-614, a passenger jet developed jointly with Vereinigte Flugtechnische Werke of West Germany. The Dutch planemaker and VFW kept on with this project hoping in vain that demand would emerge.

Mr Frans Swarttouw

"We could afford to write off Fl 200m ($77m) on the development costs of the MDF-100," says Mr Swarttouw. "But we could not afford to commit Fl 2bn on actually building an aircraft for which there was no market. The skill lies in pulling out before a project flops."

Fokker said this week that it was sticking to its earlier forecast that 1981 profits would be at least the same as the previous year's net result of Fl 9.8m, and that the company would remain in the black in 1982. Fokker's net profit rose 21 per cent, to Fl 5.8m, in the first half of last year. Panic selling pushed Fokker's Fl 20 nominal shares Fl 7 lower on Monday to Fl 28, though the price recovered to Fl 30.50 yesterday.

Where does Fokker go now? Certainly there are doubts about its long-term ability to remain a fully-fledged aircraft maker, capable of designing, building, marketing and servicing its own aircraft. It has plans to modernise its existing F-27 turbo-prop and the F-28 jet, and both are expected to remain in production at least into the early 1990s—the F-27 probably for considerably longer.

But Fokker must take a major stake in a third civil aircraft project to guarantee continuity when these aircraft are phased out. The company is prepared to reconsider developing a 150-seat jet in a few years' time, but would want less than the half share it had in the MDF-100. However, its involvement will have to be substantial if the company is not to become merely a components supplier.

Fokker has been looking for some time at the prospects for an advanced turboprop, code-named the FXX. This should be a logical development of the F-27, the company's most popular aircraft, and offer the low-cost advantages of turbo-prop technology. But the FXX idea is not sufficiently developed for it to become a significant part of the company's programme before the 1990s.

Fokker's immediate prospects remain favourable. The company currently has 18 months' work on its order books—the limit to which the airlines are presently prepared to commit themselves. It expects to increase deliveries slightly this year from the 35 aircraft handed over in 1981.

Production of the F-27 and F-28 is now being increased to 24 and 18 a year respectively. "When I joined Fokker three years ago, the company was making 10 of each aircraft and they were left standing on the production floor for want of buyers," says Mr Swarttouw, whose aggressive management style has earned him a considerable reputation in the Netherlands.

He believes Fokker is in a stronger position now than at any time in the past decade. The reorganisation of the company's management, he says, is now starting to pay off, and the company's financial position, which was already strong, will in the short term be boosted by the ending of the MDF-100 project.

The biggest uncertainty concerns Fokker's medium-term future. "We must come up with something new in 1986 or 1987," says Mr Krook. Whether this will be in the form of improved versions of the F-27 and F-28, or an entirely new project, is not yet clear.

Mr Swarttouw attributes part of the difficulties Fokker faced at the end of the 1970s on the Europe-only policies of the company's old management. Now that Fokker's American adventure has proved unsuccessful, the Dutch group may seek links with European manufacturers such as Airbus Industrie. Fokker has been reluctant to do this in the past because of the threat to its independence. It may now have to swallow its pride.

Swedish bank lifts earnings by 68%

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SKANDINAVISKA Enskilda Banken yesterday reported a 68 per cent growth in group operating profit to SKr 1.62bn ($284m) for 1981. Earnings by the bank itself climbed by 63 per cent to SKr 1.3bn, but were not enough to maintain the bank's capital ratio. A further SKr 300m would have been needed, according to Mr Curt Olsson, one of the managing directors.

Changes in top organisation were also announced yesterday. They include the formation of a new unit, SEB International, to take charge of the bank's expanding international business.

The board proposes a scrip issue of one new A share for every five A or B shares, raising the share capital to a little more than SKr 1bn. The new shares will be entitled to a 1981 dividend. The board proposes to pay SKr 10 on each A share and SKr 17.50 on the B shares. This adds up to an increase of SKr 1.25 to SKr 12 on each old A share. The total dividend payments rise by SKr 49m to SKr 212m.

Total assets in the bank rose by 33.5 per cent to SKr 102bn. Income climbed by 30 per cent against an increase of just over 10 per cent in operating costs. Deposits grew by more than 24 per cent to SKr 50.9bn and lending advanced by 15.7 per cent to SKr 44.5bn.

In the decade since the formation of Skandinaviska Enskilda by merger, the foreign currency share of its assets has risen from 11 per cent to 26 per cent while bond holdings, boosted by obligatory placements in state and housing bonds, now make up 30 per cent of total assets against 19 per cent 10 years ago.

After transferring SKr 844m to the reserve fund, the bank shows a profit of SKr 370m, more than double the 1980 result. Group net earnings doubled from SKr 11 to SKr 22 a share, or if adjusted for inflation from SKr 7 to SKr 17 a share.

Under the management reorganisation, Mr Olsson will become first deputy chairman of the Board and group director, responsible for overall planning and control.

SEB International, under Mr Jacob Palmstierna, will be responsible for business relations with large international corporate customers as well as for all the bank's foreign business. Central offices, each with a managing director, will be retained in Stockholm, Gothenburg and Malmö, while the head office in Stockholm will be in charge of capital market operations.

Skandinaviska Enskilda is seeking Government approval for a new finance company which will supply both ordinary and convertible loans to medium and small businesses. The bank will have a 60 per cent share in the company, with the Swedish Investment Bank taking the remaining 40 per cent.

Norwegian shipping group raises operating results

BY FAY GJESTER IN OSLO

BERGESEN, one of Norway's leading shipping groups, says that 1981 was "an active and economically satisfactory year" despite the poor freight market. Operating profits rose to NKr 550m ($92m), compared with NKr 430m in 1980.

Capital spending during the year totalled more than NKr 900m. The fleet—including ships on order—numbered 42 vessels, including eight LPG tankers.

Five of the eight gas tankers are currently chartered. Of the oil tanker fleet, two are in lay-up for charterers' account, and two more are about to be laid up. Bergesen also has four large tankers in lay-up for own account, but it stresses that three of these were bought at a "very low" price from the bankrupt Biornstad group. The Guarantee Institute holds a 49 per cent stake in these three, with Bergesen owning 51 per cent.

● Orkla Industrier, the Norwegian mining and metals concern, has sold its ferro alloys plant at Thamshavn, Norway, to a company jointly owned by Orkla Associated Metals and Minerals of the U.S.

The American group has marketed some Orkla products since the 1960s and is putting up less than half the NKr 469m ($79m) at which the plant is theoretically valued, which will allow Orkla to share in more than 50 per cent of future profits.

Orkla said the move would strengthen the company financially.

German IBM sales rise to DM 7.9bn

By Stewart Fleming in Frankfurt

IBM Deutschland, the West German subsidiary of International Business Machines, has reported a 7 per cent rise in revenues for 1981 to DM 7.9bn ($3.35bn).

The bulk of the sales expansion has come as a result of a 16.7 per cent rise in exports to other IBM companies abroad, which reached DM 3.18bn.

Sales in the home market rose by only 1.3 per cent to DM 4.72bn, although this modest increase hid a substantial growth in volume terms as prices have been falling relative to the performance capabilities of the products. The improved price/performance relationship has led to a big new order intake, the company said.

Banco di Napoli profits again increase sharply

BY JAMES BUXTON IN ROME

BANCO DI NAPOLI, the state-owned Italian bank which has the largest number of branches in the country, has seen a sharp rise in profits for the second year running. Gross earnings were up 40 per cent at L350bn ($278m) on total deposits up from L14,500bn at the end of 1980 to L18,000bn at the end of last year. In 1980 the bank was Italy's seventh largest in terms of deposits.

The latest rise in profits follows an 86 per cent jump in earnings in 1980. The performance suggests that some of the policies initiated by Dr Rinaldo Ossola, the chairman, are bearing fruit.

Dr Ossola came to the bank in 1978 after a distinguished career in the Bank of Italy and a spell in government. His task was to clear up a mass of accumulated problems in the bank, which is one of the most important institutions in southern Italy and has close ties with the long ruling Christian Democrat Party.

The 1981 earnings increase is attributed to the bank's policy of decentralising control of its branch network, of expanding overseas and providing more banking services.

But other ideas for the development of the bank, including an increased presence in the more lucrative market of northern Italy and the increase in its capital by bringing in private minority shareholders have met opposition.

Source Perrier proposes to pay maintained dividend

BY DAVID WHITE IN PARIS

SOURCE PERRIER, the French mineral water group, yesterday published non-consolidated net earnings for the year ended September 1981 of FFr 60m ($10m).

The company, one of the most consistently secretive of those quoted on the Paris Bourse, announced the result as an improvement over a profit of FFr 52.5m for the previous year.

This comparison was reached, however, after deducting FFr 34m of special items from the 1979-80 profit figures. Profit for last year therefore represented a fall from the FFr 87m registered for 1979-80, and was little changed from the 1978-79 result of FFr 58m.

The company said it was maintaining its net dividend at FFr 8 per share, on capital increased during the year through distribution of shares to employees.

Perrier, controlled by family interests, markets several well-known brands of mineral water as well as soft drinks. It has concentrated heavily on its U.S. ambitions in recent years.

Cycle and Carriage suffers slowdown

By Georgie Lee in Singapore

REFLECTING A continued slowdown in the motor vehicle industry in Singapore and Malaysia, Cycle and Carriage, the leading regional motor trader, has reported a 38 per cent decline in pre-tax profits for the year ended September 1981 to S$51.2m (US$24m). Post tax profits were 31 per cent lower at S$30.44.

Combined turnover in Singapore and Malaysia was down by 9.1 per cent to S$463.75m.

To add to its woes, the group's investment in Newman Industries, the UK engineering and ceramics company, suffered a setback. Write-offs and exchange losses related to its 40.4 per cent stake accounted for the bulk of extraordinary losses of S$27.58m.

However, the group has decided in principle and subject to certain conditions to make a £1.4m secured loan to Newman to help it overcome its present financial difficulties.

Cycle and Carriage has declared a final gross dividend of 7.5 per cent for a total of 17.5 per cent for the year compared with 19.5 per cent.

The only cheer in its report is the disclosure that a revaluation of the group's land and buildings has thrown up a surplus of S$84.6m. This has been incorporated in the 1980-1981 accounts.

Cycle and Carriage holds the agency for Mercedes Benz and Mitsubishi vehicles in Singapore and Malaysia.

Wells Fargo merchant bank for Singapore

By Our Singapore Correspondent

WELLS FARGO BANK, the U.S. banking group, has set up a wholly-owned merchant bank in Singapore known as Wells Fargo Asia.

With an issued capital of U.S.$100m the offshoot probably has the largest issued capital among merchant banks based in Singapore.

The merchant bank will be Wells Fargo's main vehicle for expanding its syndicated loan transactions with both the public and private sectors in ASEAN and other Asian countries.

Sharp rise for Fuji Photo Film

BY YOKO SHIBATA IN TOKYO

FUJI PHOTO FILM, Japan's largest manufacturer of photo film with more than 70 per cent of the domestic market increased its consolidated net earnings by 52.2 per cent to Y49.2bn ($210m) in the year to October 20, 1981 on consolidated sales up 11.7 per cent to Y520.1bn ($2.2bn). Profits per share for the year advanced to Y158.90 from Y107.10. The results of 13 consolidated subsidiaries and 118 affiliated companies are reflected in the outcome.

Sales of amateur photo films and photographic paper accounted for 42.2 per rent of the total, (up by 11.2 per cent); cameras for 9.2 per cent, up 10.3 per cent; video tape recorders (VTR) and audio related products for 7.1 per cent, up 35 per cent; X-ray products for 12.5 per cent, up 10.2 per cent; Graphic art products for 15.7 per cent, up 8.9 per cent and microfilm products for 2.6 per cent, up 12.2 per cent.

Helped by good sales of colour photo films and colour copying papers, domestic turnover rose by 11.9 per cent to account for 67.5 per cent of the total. Overseas sales gained by 11.3 per cent to account for 32.5 per cent. The yen's appreciation against the major European currencies squeezed European sales in yen terms which rose by only 1.4 per cent to account for 39.3 per cent of all overseas sales. Sales in the U.S. rose by 22 per cent to account for 31.8 per cent and those in Asia were 15.9 per cent higher, accounting for 17.1 per cent. With the rapid expansion of the VTR market sales of magnetic tapes contributed considerably to both domestic and overseas sales.

The company has been very active in developing non-film products. With record capital outlays of Y41.2bn, the company completed a sensitive paper plant in Fujinomiya in April 1981, a magnetic tape manufacturing plant in Odawara in July, an offset printing material plant in Yoshida in August and a technical research centre near Tokyo in October.

The higher volume of sales, stable silver prices, and price rises on sensitised products all helped to boost earnings and with the full conversion of SwFr 100m convertible debentures into shares by October 9, 1981, the company's financial standing also improved considerably. Shareholders equity ratio improved to 50.3 per cent at the year end from 43.9 per cent a year earlier.

In the current year the company plans to stress sales of non-sensitised products—such as VTR tapes, audio tapes and office automation related products—such as microfilm products and carbonless copying papers, as well as overseas sales. Fuji has also entered the instant photography field with the introduction, in October 1981, of its independently-developed Fotorama camera which used film interchangeable with Kodak's. This is expected to contribute to sales and earnings in the current year.

Full year consolidated net profits are projected at Y50bn, up 1.5 per cent, on turnover of Y580bn, up 11.5 per cent over 1980-81.

Arab banks broaden their scope

ARAB BANKS are increasingly orienting their business toward international banking activities in the Euromarket and elsewhere, according to a study prepared by the World Bank's Financial Policy and Analysis Department.

The combined capital of the 25 most active Arab banks in the Euromarkets, which amounted to US$2.4bn at the end of 1979 and supported assets worth $51bn, may well have doubled by the end of 1981, AP-DJ reports.

While the three main centres of Arab banking have been in the Middle East, Paris, and London, the study said the banks are seeking to expand into other centres, including New York and Singapore.

In Paris, there are 35 wholly-owned or partly Arab-owned banks, while 29 Arab banks and investment institutions, now have offices in London, about half of which have been set up in the past 30 months. The study noted the banks' growing role in recycling surplus funds from major oil-exporting countries to countries running persistent deficits.

There had been some concern after the second round of major world oil price increases in 1979-80, about whether the international banks, because of their capital constraints and fully-extended country-lending limits, would be able to handle the recycling of petrodollars. Such fears, the study said, proved unfounded and one reason was that the Arab banks had become increasingly active in the international capital market.

Since many of the Arab banks were already highly capitalised, the availability of capital was not likely to be a constraint on their future growth but a shortage of skilled staff, particularly of Arab origin, "might limit the pace and nature of the expansion."

The study said the Arab banks, in most instances, have not been direct recipients of a large volume of funds from the Organisation of Petroleum Exporting Countries (OPEC), but "as confidence grows in Arab institutions, Arab depositors may well begin to place a higher proportion of their funds with them."

Falling demand hits Dunswart Steel

BY JIM JONES IN JOHANNESBURG

DUNSWART STEEL, the South African iron and steel maker, suffered from falling demand in the second half of 1981, and operating income fell to R11.44m (US$11.67m) from R11.58m in 1980.

Profits fell despite a 13.5 per cent increase in the controlled price of steel from July 1. The increase was more than offset by lower demand and development work in the year also had an adverse effect. Dunswart is engaged in a R21m capital programme aimed at improving and expanding its production facilities.

The company has adopted Lifo (last in first out) accounting for the first time. An adjustment of R1.24m contributed to a fall in pre-tax profit to R4.54m from R6.14m.

A dividend total of 18 cents has been declared from earnings of 53.7 cents a share without the Lifo adjustment. After the Lifo adjustment earnings were 42.4 cents a share. The 1980 financial year resulted in earnings of 69.4 cents a share and a total dividend of 15 cents.

Fare increases boost China Motor Bus

By Our Hong Kong Correspondent

EFFORTS to increase efficiency and productivity have paid off for China Motor Bus (CMB). The Hong Kong-based utility has announced a 63 per cent rise in net earnings to HK$19.9m (U.S.$3.4m), for the six months to end 1981, compared with HK$15.5m for the same period of 1980.

An interim dividend of 15 cents per share has been recommended and a special dividend of 13 cents will also be paid.

CMB has benefited from fare increases introduced in the middle of last year, and HK$12.5m will be transferred to the company's development fund. For the same period of 1980, the fund paid HK$6.9m to shore up earnings. Under government controls, profit is limited to roughly 15 per cent of average net fixed assets.

Mr Ngaan Shing-Kwan, the chairman, said a shortage of drivers had continued to hamper the company's efforts to improve services. A bonus scheme is to be introduced to improve standards.

He added that CMB had spent HK$30m on boosting the company's fleet of buses by 62 and fitting out and reconditioning others. A further 78 vehicles were either on order or being built.

Japanese sign Taiwan car plant agreements

By Robert King in Taipei

TAIWAN'S STATE-RUN China Steel Corporation has signed preliminary agreements with both Nissan and Toyota of Japan to co-operate in setting up a 200,000-vehicle-a-year car manufacturing plant here, according to Mr T. K. Liu, the head of China Steel.

The new plant would differ from the existing car manufacturing operations in Taiwan in that it would involve integrated production locally, rather than simple assembly of vehicles from imported parts.

Mr Liu said the agreements would be forwarded by the end of this week to Taiwan's Ministry of Economic Affairs, where the final decision will be taken on which of the Japanese companies China Steel will take as its partner.

Mr Liu declined to reveal the contents of the preliminary agreements, but it is understood that they provide for 45 per cent ownership of the operation by the Japanese company selected, with 25 per cent owned by China Steel, and the remainder by private Taiwanese investors. Some motor industry executives also believe that the Japanese will have management control of the new plant for its first two-and-a-half years of operation.

The Taiwan Government is believed to want a commitment from the Japanese that at least half of the 200,000-vehicle-a-year production will be exported, since Taiwan's domestic market is too small to absorb the plant's projected output. But the Japanese are understood to be pushing for a much lower export percentage.

The contracts are expected to be amended substantially during the process of official scrutiny, while Mr Liu said that the government might still decide to abandon the project entirely.

The plant has been under fire for some time by economists, industrialists, and other motor manufacturers on the grounds that it might be unwise to add such a huge production capacity at a time when the two major assemblers here are able to sell only half their capacity.

WORLD CAR MARKETS

UNITED STATES

	1981	%	1980	%
Domestic	6,205,000	72.8	6,577,000	73.4
Imports	2,328,000	27.2	2,402,000	26.6
Total market	8,533,000	100.00	8,979,000	100.00
DOMESTIC				
General Motors	3,796,000	44.5	4,116,000	45.9
Ford	1,380,000	16.2	1,475,000	16.4
Chrysler	730,000	8.6	660,000	7.4
Volkswagen of America	162,000	1.9	177,000	2.0
American Motors	137,000	1.6	149,000	1.7
IMPORTS				
Toyota	576,000	6.7	582,000	6.5
Nissan	465,000	5.5	517,000	5.8
Honda	371,000	4.3	375,000	4.2
Mazda (Toyo Kogyo)	166,000	1.9	162,000	1.8
Subaru	152,000	1.8	143,000	1.6
VW-Audi	133,000	1.5	133,000	1.4
Mitsubishi	111,000	1.3	129,000	1.4
Volvo	64,000	0.75	56,000	0.63
Mercedes	58,000	0.68	50,000	0.55

UNITED KINGDOM

	1981	%	1980	%
Domestic	658,089	44.33	655,422	43.30
Imports†	826,533	55.67	858,319	56.70
Total market	1,484,622	100.00	1,513,761	100.00
DOMESTIC				
Ford*	459,365	30.94	464,706	30.70
BL*	285,071	19.20	275,793	18.22
Vauxhall*	107,572	7.24	109,218	7.21
Talbot*	68,048	4.58	90,874	6.00
IMPORTS				
Datsun	88,209	5.94	91,893	6.07
VW-Audi	80,221	5.40	68,285	4.51
Renault	72,041	4.85	88,343	5.84
Fiat	61,977	4.17	51,299	3.39
Volvo	44,558	3.00	38,283	2.53
Citroen	27,395	1.85	27,006	1.82
Toyota	23,405	1.58	34,167	2.26

* Includes cars from Continental associates not included in UK figures. † Includes imports from all sources including cars from Continental associates of UK companies.
Source: Society of Motor Manufacturers and Traders

WEST GERMANY

	1981	%	1980	%
Domestic	1,697,377	72.8	1,745,875	72.0
Imports	632,978	27.2	680,312	28.0
Total market	2,330,355	100.00	2,426,187	100.00
DOMESTIC				
Volkswagen/Audi	708,307	30.4	736,109	30.3
Opel	381,193*	16.4	411,076	17.0
Ford	273,174†	11.7	252,044	10.4
Daimler-Benz	245,927	10.6	249,249	10.3
BMW	133,899	5.8	138,927	5.7
IMPORTS				
Renault	100,701	4.3	113,591	4.7
Peugeot	99,964‡	4.3	115,655	4.8
Fiat	94,151	4.0	87,737	3.6
Toyota	47,214	2.0	58,893	2.4
Nissan-Datsun	44,722	1.9	51,503	2.1

* Includes 10,908 GM imports. † Includes 43,890 Ford imports. ‡ Peugeot includes 44,594 Citroens, 27,816 Peugeots and 27,544 Talbots.
Source: Federal Motor Vehicle Statistical Office

Italy and Japan—the odd men out

By Kenneth Gooding, Motor Industry Correspondent

WHICH OF the world's major car makers has the largest share of its home market? Most people would guess General Motors in the U.S. or Toyota in Japan. But, as the tables show, Fiat has managed to keep the biggest piece of its home territory.

Cars with the Fiat marque accounted for 44.85 per cent of Italy's registrations last year. When the Lancia and Autobianchi subsidiaries are included the total rises to 51.41 per cent.

Italy is an unusual car market, often bucking the general trends as it did again last year by growing slightly when all the other major western countries continued their decline.

It is also the only big Western market where one company dominates. In the others there is room for two major local producers.

Italy is also protected from the Japanese by an arrangement drawn up before the Treaty of Rome. So Japanese car shipments to Italy are limited to 3,000 a year.

The worries of the Japanese producers at this time last year that their domestic market would fall again, perhaps even sharply, turned out to be groundless. The market improved. But by less than 1 per cent.

But the extra efforts made by the domestic producers threatened to wipe out the importers entirely. Imports represented only a token 1.67 per cent (44,871 cars) in 1980 and last year they dropped to 38,110 or 1.41 per cent.

(This set the Japanese market apart because, as the tables show clearly, however strong the local industry, importers elsewhere can usually count on 20 to 25 per cent of the car market. The figure is 27 per cent in Germany which has some of the strongest car manufacturing companies in the world.)

Compared with minimal imports, Japan managed to export more than half its total production last year.

But Japan is meeting protectionism throughout the West. Last year in one way or another progress was blocked by "voluntary" restrictions in Belgium, France, Holland, Britain and the U.S. as well as the formal arrangement with Italy.

Preliminary estimates suggest that the surge in Japanese exports to Western Europe flattened last year. The Japanese share of Western Europe's car markets, just 6.3 per cent in 1977, reached 7.3 per cent in 1979 and 9.8 per cent the following year. In 1981, however, it eased back slightly, to around 9.5 per cent.

The other important point which comes through from the accompanying statistics is that the Japanese industry relies very heavily on success in the U.S.—the world's biggest car market—for its export performance.

Between them the Japanese companies sold over 1.85m cars in the U.S. last year representing nearly 22 per cent of the market. The total is also put in perspective if you consider that 1.85m cars is more than were registered in either France, Italy or the UK last year.

The performance of the U.S. as a car exporter is significantly influenced by the fact that the two majors, General Motors (through Opel of West Germany and Vauxhall in Britain) and Ford, between them account for nearly one quarter of European production. It would make little sense to export in competition with their own subsidiaries.

In comparison, Volkswagen is the only European producer to have set up car production in the U.S. However, Renault now owns nearly 50 per cent of American Motors and jointly these two will introduce a model based on Renault's R9 to the U.S. market before long—and it will be made in American plants.

As for the individual countries the French market fell a further 8.7 per cent last year after a 5.35 per cent drop in the previous 12 months.

The Peugeot group's problems, particularly with the Talbot subsidiary acquired from Chrysler in 1979, continued. Volkswagen was the main beneficiary, although Fiat also did well in France and Ford recovered too, as it did in several European markets thanks to the successful launch of the new front-wheel-drive Escort.

West German car sales, after a 7.5 per cent slump in 1980, fell by a further 4 per cent last year. The two domestic manufacturers which lost market share—Opel and BMW—did so mainly because they were awaiting major new models to launch in the autumn: the Opel Ascona and the BMW new 5-series.

The Italian car market jumped 20 per cent in 1980 and still managed to improve by a further 1.2 per cent last year. Renault consolidated its position as the second-largest presence in the market but Volkswagen is catching up fast and last year ousted the second domestic manufacturer, Alfa Romeo.

Japanese home sales in 1980 fell 6 per cent from the 1979 peak of just over 3m and last year's recovery was marginal—only 0.78 per cent. Toyota and Nissan continued their titanic struggle to be top dog. Toyo Kogyo, in which Ford has a 25 per cent shareholding, showed the major advance among the also-rans.

In the U.S. the total market was at its lowest level since the 8.26m for 1975. But for the domestic manufacturers it was the worst performance for 20 years in terms of cars sold. Imports reached a record 27.2 per cent with Toyota and Nissan taking 6.7 and 5.5 per cent respectively.

ITALY

	1981	%	1980	%
Domestic	1,027,452	59.07	1,033,472	60.18
Imports	711,830	40.93	683,960	39.82
Total market	1,739,282	100.00	1,717,654	100.00
DOMESTIC				
Fiat	779,984	44.85	766,397	44.62
Lancia/Autobianchi	114,096	6.56	117,335	6.83
Alfa Romeo	112,544	6.47	120,000	6.99
Nuova Innocenti	20,258	1.16	29,150	1.70
IMPORTS				
Renault	176,721	10.16	180,672	10.52
VW/Audi	114,429	6.56	74,060	4.31
Ford	92,638	5.33	78,505	4.57
Citroen	78,340	4.50	84,028	4.89
Opel/GM	60,412	3.47	61,464	3.58
Talbot/Simca	57,266	3.29	75,173	4.38

FRANCE

	1981	%	1980	%
Domestic	1,319.390	71.9	1,444.630	77.1
Imports	514,852	28.1	428,516	22.9
Total market	1,834,242	100.00	1,873,146	100.00
DOMESTIC				
Renault	712,954	38.9	759,312	40.5
Peugeot	256,195	14	293,461	15.7
Citroen	260,325	14.2	270,983	14.5
Talbot	89,916	4.9	120,874	6.4
Total Peugeot	606,436	33.0	685,318	36.6
IMPORTS				
Volkswagen*	110,500	6.6	83,372	4.8
Ford*	90,821	5.4	59,898	3.5
Fiat*	74,917	4.5	62,416	3.6

* 11 months.

JAPAN

	1981	%	1980	%
Domestic	2,663,046	98.59	2,635,274	98.33
Imports	38,110	1.41	44,871	1.67
Total market	2,701,156	100.00	2,680,145	100.00
DOMESTIC				
Toyota	1,098,018	40.65	1,064,171	39.7
Nissan	806,878	29.87	828,158	30.89
Mitsubishi	193,571	7.16	208,737	7.78
Toyo Kogyo	220,794	8.17	196,560	7.33
Honda	186,198	6.89	166,975	6.23
Isuzu	64,990	2.40	62,806	2.34
Daihatsu	49,250	1.82	61,420	2.29
Fuji Heavy Industries	43,347	1.60	46,447	1.73
IMPORTS				
VW	12,047	0.44	17,805	0.66

CURRENCIES, MONEY and GOLD

Dollar strong

Dollar rose in quite active foreign exchange trading yesterday, against a background of higher Eurodollar interest rates. Central banks intervened to prevent the U.S. currency from rising too sharply, but it finished near the best levels of the day despite news that the financial agreement between West Germany and Saudi Arabia will continue.

Sterling weakened against the dollar and Continental currencies on profit taking and the lack of early intervention by the Bank of England, when other central banks were selling dollars. The pound did not react unfavourably to the disappointing UK money supply figures in the afternoon, but by that time the Bank of England may have been giving support.

DOLLAR — Trade-weighted index (Bank of England) 112.4 against 111.7 on Monday, and 115.4 six months ago. Three month Treasury bills 14.16 per cent (15.22 per cent six months ago). Annual inflation rate 8.9 per cent (9.6 per cent previous month)—The dollar rose to DM 2.3760 from DM 2.3595 against the D-mark; to FFr 6.03 from FFr 5.9950 against the French franc; to SwFr 1.9125 from SwFr 1.8975 in terms of the Swiss franc; and to Y236.60 from Y234.75 against the Swiss franc.

STERLING—Trade-weighted index 91.5 against 91.5 at noon, 92.1 at the opening, 91.9 at the previous close, and 90.1 six months ago. Three-month interbank 14⅞ per cent (14⅞ per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—Sterling opened at $1.8565-1.8575, the highest level of the day, and after touching a low of $1.8365-1.8375, closed at $1.8415-1.8425, a fall of 1.95 cents on the day. The pound fell to DM 4.3775 from DM 4.3950; to FFr 11.1050 from FFr 11.16; to SwFr 3.5250 from SwFr 3.5325; and to Y435.50 from Y437.

D-MARK — EMS member (third weakest). Trade-weighted index 121.2 against 121.1 on Monday, and 114.1 six months ago. Three-month interbank 10.225 per cent (12.975 per cent six months ago). Annual inflation 6.3 per cent (unchanged from previous month)—The D-mark rose against three members of the EMS at the Frankfurt fixing, and declined against the other three. It improved against the Belgian franc, the weakest member of the system, but lost ground to the two strongest currencies, the Dutch guilder and French franc. Sterling rose to DM 4.3790 from DM 4.3700, and the Swiss franc to DM 1.2437 from DM 1.2434. The Bundesbank did not intervene when the *dollar rose* to DM 2.3750 from DM 2.3475 at the fixing, but was probably active in open trading.

FRENCH FRANC — EMS member (second strongest). Trade weighted index was unchanged at 79.7 against 80.2 six months ago. Three-month interbank 14⅞ per cent (17⅛ per cent six months ago). Annual inflation 14 per cent (14.3 per cent previous month) — The franc improved against all other members of the EMS at the Paris fixing, and was stronger against major currencies outside the system, apart from the U.S. dollar. The D-mark fell to FFr 2.5412 from FFr 2.5423, and the Dutch guilder to FFr 2.3148 from FFr 2.3177. Sterling eased to FFr 11.1150 from FFr 11.1190, and the Swiss franc to FFr 3.1590 from FFr 3.1640. The dollar rose to FFr 6.0235 from FFr 5.9725.

DUTCH GUILDER — EMS member (strongest). Trade-weighted index 113.6 against 113.7 on Monday, and 106.4 six months ago. Three-month interbank 10⅞ per cent (13¼ per cent six months ago). Annual inflation 6.9 per cent (7.2 per cent previous month) — The guilder weakened against most currencies at the Amsterdam fixing, but improved slightly against the Japanese yen.

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	40.7572	41.6986	+2.31	+1.18	±1.5368
Danish Krone ...	7.91117	8.01575	+1.32	+0.19	±1.6412
German D-Mark	2.40989	2.44870	+1.61	+0.48	±1.1077
French Franc ..	6.17443	6.22017	+0.74	−0.39	±1.3733

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

† New one rate. * Selling rate.

EXCHANGE CROSS RATES

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 9)

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

SDR-linked deposits: one-month 13¾-13⅞ per cent; three months 13⅞-13$\frac{15}{16}$ per cent; six months 13$\frac{7}{16}$-13$\frac{15}{16}$ per cent; one-year 13$\frac{11}{16}$-14$\frac{1}{16}$ per cent.

ECU linked deposits: one-month 13¾-13⅞ per cent; three months 13⅞-14 per cent; six months 13⅞-14¼ per cent; one-year 14-14⅜ per cent.

Asian $ (closing rates in Singapore): one-month 15$\frac{13}{16}$-15$\frac{15}{16}$ per cent; three months 15⅞-16 per cent; six months 15$\frac{15}{16}$-16$\frac{1}{16}$ per cent; one-year 15$\frac{15}{16}$-16$\frac{1}{16}$ per cent. Long-term Eurodollar two years 16¼-16⅝ per cent; three years 16¼-16½ per cent; four years 16¼-16½ per cent; five years 16¼-16½ per cent nominal closing rates.

The following rates were quoted for London dollar certificates of deposit: one-month 15.60-15.70 per cent; three months 13.80-13.90 per cent; six months 15.95-16.05 per cent; one-year 15.95-16.05 per cent.

MONEY MARKETS

Further rise

London clearing bank base lending rates 14 per cent (since January 25)

Short term interest rates were slightly firmer where changed in the London money market yesterday. Confidence was undermined to some extent by fears of higher U.S. interest rates following the latest U.S. Federal budget deficit projections. In addition yesterday's UK money supply figures gave little room for optimism. Three-month sterling CDs rose to 14$\frac{11}{16}$-14⅝ per cent from 14$\frac{9}{16}$-14$\frac{7}{16}$ per cent and buying rates from three-month eligible bank bills edged up to 13⅞ per cent from 13$\frac{13}{16}$ per cent.

In the interbank market overnight money opened at 14¼-14⅜ per cent and eased to 13⅞ per cent before coming back to 14 per cent. Closing balances were taken around 7 per cent.

The Bank of England gave an early forecast of a shortage of £200m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£120m and Exchequer transactions −£20m. The Bank gave assistance in the morning totalling £225m, comprising purchases of £126m of eligible bank bills in band 2 (15-33 days) at 13$\frac{13}{16}$ per cent, £3m of local authority bills in band 3 (34-63 days) at 13⅞ per cent and £96m of eligible bank bills in band 3 at 13⅞ per cent. The forecast was revised later in the day from £200m to £300m and the authorities gave additional help of £75m, making a grand total of £300m. The afternoon help comprised purchases of £25m of eligible bank bills in band 2 at 13$\frac{13}{16}$ per cent, £15m of Treasury bills in band 4 (64-91 days) at 13⅞ per cent and £35m of eligible bank bills in band 4 at 13⅞ per cent.

In Paris call money fell to 14⅛ per cent from 14⅜ per cent reflecting the high level of market liquidity at the moment. The rate did not reflect a continuing rise in U.S. interest rates and dollar strength however. The French authorities have had to resist the temptation to increase interest rates to protect the franc in the foreign exchange market owing to the detrimental effect on any recovery in the French economy. This was highlighted in a statement made on Monday by Finance Minister M Jacques Delors, that high U.S. interest rates were hindering an economic recovery in France, and this may have been partly responsible for yesterday's slightly easier trend.

GOLD

Slight rise

Gold rose $¾ to $379-380 in the London bullion market yesterday. It opened at $376½-377½ and in quiet trading was fixed at $378 in the morning, and $378½ in the afternoon. The metal touched a low of $376-377 and a peak of $379¾-380¼.

In Paris the 12½ kilo bar was fixed at FFr 72,950 per kilo ($378.68 per ounce) in the afternoon, compared with FFr 72,950 ($375.90) in the morning, and FFr 72,250 ($377.25) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 29,010 per kilo ($378 per ounce), against DM 28,875 ($383) previously, and closed at $378-381, compared with 378¾-379¼.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $378.25 per ounce, against $382.50.

	Feb. 9		Feb. 8	
Gold Bullion (fine ounce)				
Close	$379-380	(£203⅛-206)	$378¼-372¼	(£203¼-203¾)
Opening	$376½-377½	(£203 203½)	$381½-382½	(£205¼-205¾)
Morning fixing	$378	(£204.718)	$381.50	(£204.663)
Afternoon fixing	$378.50	(£205.316)	$372.75	(£204.008)
Gold Coins				
Krugerrand	$321-322	(£218-212½)	$390½-391½	(£209¾-210¼)
½ Krugerrand	$204-205	(£110½-111)	$201-202	(£108-108½)
¼ Krugerrand	$104-105	(£56⅛-57)	$103-103	(£54¾-33¼)
1/10 Krugerrand	$48-43	(£28¾-83¼)	$41¾-42½	(£88½-23)
Mapleleaf	$322-323	(£212⅛-213)	$321¼-322¼	(£210-210¾)
New Sovereigns	$23.10-93.50	(£50½-50¾)	$23 93½	(£50 50½)
King Sovereigns	$102-110	(£52-62½)	$102-110	(£55½-39)
Victoria Sovs	$102-110	(£52+52½)	$109-110	(£38½-59)
French 20s	$91-101	(£49¼-54¼)	$90¾-101	(£48¾-54¼)
50 pesos Mexico	$462½-472	(£254½-233¾)	$467¾-470½	(£251½-252½)
100 Cor. Austria	$368¼-378	(£200¼-801¾)	$368½-371	(£188-199¼)
$20 Eagles	$506-512	(£274¼-277½)	$507-812	(£272¼-275)

LONDON MONEY RATES

Feb. 9 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Discount Company Deposits	Discount Market Deposits	Treasury Bills ✦	Eligible Bank Bills ✦	Fine Trade Bills ✦
Overnight	—	7-14⅛	14¼-14⅜	—	—	14-14⅛	13-14⅛	—	—	—
2 days notice	—	—	14¼-14¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14¼-14⅛	14¼	—	—	14⅜-14⅛	14-14⅛	—	—	—
One month	14⅜-14⅛	14⅜-14⅛	14⅛	13¼-14⅞	14⅛	14⅞	14	13$\frac{13}{16}$-13$\frac{25}{32}$	13$\frac{13}{16}$	14⅞
Two months	14½-14⅛	14⅜-14¾	—	16⅛-14¾	14½	14⅞	13⅝-13¾	13$\frac{27}{32}$-13⅞	13⅞	14½
Three months	14$\frac{11}{16}$-14½	14⅝-14¾	14⅝	14-14⅝	14½	15	13⅞-13⅝	13¾-13$\frac{11}{16}$	13⅞	14½
Six months	14⅝-14⅛	14⅝-14⅞	14⅛	14⅛-13¾	14¾	—	—	—	13⅝	14¼
Nine months	14⅝-14½	14⅝-14½	—	15-14⅝	14¾	—	—	—	—	—
One year	14⅝-14½	14⅝-14¾	14⅛	14⅛-14⅛	14¾	—	—	—	—	—
Two years	—	—	—	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15 per cent; four years 15½ per cent; five years 15½ per cent. ✦ Bank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills 13⅞-14 per cent; fourth months trade bills 14¾ per cent.

Approximate selling rate for one month Treasury bills 13⅞-13¾ per cent; two months 13⅞ per cent; three months 13⅞-13⅞ per cent. Approximate selling rate for one-month bank bills 13⅞ per cent; two months 13$\frac{15}{16}$ per cent and three months 13⅞-13⅞ per cent; one-month trade bills 14⅝ per cent; two months 14⅝ per cent; three months 14⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from February 1 1982. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.6581 per cent.

MONEY RATES

NEW YORK	
Prime rate	16¼
Fed. funds	15½-15¾
Treasury bills (13-week)	14.15
Treasury bills (26-week)	14.02
GERMANY	
Special Lombard	10.00
Overnight rate	10.05
One month	10.625
Three months	10.225
Six months	10.225
FRANCE	
Intervention rate	14.75
Overnight rate	14.75
One month	14.9375
Three months	14.9375
Six months	14.9375
JAPAN	
Discount rate	5.50
Call (unconditional)	6.65625
Bill discount (three-month)	6.59375

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

WORLD STOCK MARKETS

Dow 4.6 lower at midsession

WITH INVESTORS continuing to show concern about the poor outlook for interest rates, Wall Street lost further ground in heavy early dealings yesterday.

Following a fall of 17.60 on Monday, the Dow Jones Industrial Average was down 4.57 more at 828.86 by 1 pm. The NYSE All Common Index was 62 cents weaker at $65.70, while falls exceeded rises by a three-to-one margin. Trading volume expanded to 40.36m shares from the previous day's 1 pm level of 32.78m.

Investors are anxiously awaiting Federal Reserve chairman Paul Volcker's testimony before Congress, scheduled for today. He is expected to testify as to whether the Fed will tighten credit in order to bring the large growth in the money supply under control.

Analysts expect the D-J Average to continue to drift down to its 1981-82 low of 824.01, set last September, which is considered a critical support level.

Energy issues continued to decline in the face of weakening world oil prices. Zapata shed ⅞ to $22⅞, Getty Oil 1⅜ to $53, Texas Oil and Gas $2 to $26, Phillips $1 to $34⅛ and Tenneco ⅞ to $28⅛.

Filmways lost 1⅛ to $5⅛ despite news that it has obtained major new financing. U.S. Tobacco fell 1⅞ to $44⅛ and Celanese 1⅞ to $52⅛ although both reported higher earnings.

McDonalds receded 1⅝ to $62⅞ on news that it plans to buy 54 of its restaurants from franchisees. Burlington Industries was the volume leader and dropped 1⅛ to $20. A block of 840,000 shares were traded at that price.

THE AMERICAN SE Market Value Index retreated 3.78 to 273.47 at 1 pm. Volume 3.72m shares.

Canada

Stocks prices improved slightly from their early morning lows, but weakness in Resources issues continued to bog the market. The Toronto Composite index was off 8.7 at 1,680.7 on trading of 2.58m shares at noon. Declines swept advances by 295 to 71.

Analysts blame the weakness in the Oils, the index fell 23.5 to 2,868.5, on the uncertainty of world oil prices in the face of a glut.

Closing Prices for North America were not available for this edition.

Tokyo

Shrugging off the sharp overnight Wall Street fall, the Tokyo market, after an easier start, tended to recover further ground yesterday. The Nikkei-Dow Jones Average improved 9.30 to 7,794.19 and the Tokyo SE index 1.24 to 575.31.

Trading remained light, however, as many investors remained on the sidelines due to uncertain U.S. interest rate prospects and the yen's continued fall. First-section turnover totalled about 230m, but was above the 170m traded in the prior session, the lowest volume for any single full trading day this year.

The market began bouncing up in mid-morning. The rally was fed by speculation that margin trading debt may have fallen substantially last week. That speculation was borne out later in the day, when market authorities announced that debt dropped Y43.3bn last week on three major Stock Exchanges—Tokyo, Osaka and Nagoya. The size of decline was the second largest for any week on record, following a Y54.8bn drop on January 26.

Rumours that some investment trusts had started to go after Blue Chips sent investors flocking to quality shares. On the other hand, middle-class shares that had posted considerable gains in the recent past, faced profit-taking and turned soft.

Light electricals, Precision Instruments, Heavy Electric Machines and Communications were favoured.

Hitachi advanced Y17 to Y707, Matsushita Electric Y20 to Y1,230, Fujitsu Y28 to Y773, Nippon Electric Y17 to Y904, Sony Y30 to Y3,700, Canon Y8 to Y953, Sharp Y18 to Y835, *Fuji Photo* Y30 to Y1,470 and Nissan Motor Y14 to Y835.

Australia

A wave of selling swept Australian markets yesterday as dealers reacted to gloomy news from New York and London.

U.S. President Ronald Reagan's Budget is interpreted as condemning the business world to a diet of high interest rates for months to come, bad news for share markets everywhere.

The high cost of money put pressure on Bullion prices at all major trading centres and other commodity prices tended to follow, a trend which has halted the rally in Mining stocks such as MIM and CRA.

The worst-affected market area was the Resource stocks group. Coal Miners took some sharp losses. Oil and Gas issues lost heavily against the background of some Middle East exporters again cutting crude oil prices to maintain market shares.

The All Ordinaries index retreated 8.3 to a new two-year low of 537.6, while the Oil and Gas sub-group index fell 18.0 to 583.4, Metals and Minerals 7.1 to 387.8 and the All Industrials index 7.5 to 681.4.

Overall market leader BHP dipped 16 cents to A$8.80 for a two-day fall of 36 cents. It is now at its lowest point since 1979 when it reached A$7.08. Brokers said expectations of a drop in profits for the November-half, estimated on recent production figures, is causing an influx of sellers in the stock.

Germany

Shares closed generally easier but with mainly modest declines after rather quiet trading. The Commerzbank index was only 1.8 off at 693.4.

Fears that Monday's sharp decline on Wall Street would lead to equally heavy falls on West German markets did not materialise. After opening lower, stock prices regained part of their early losses, with the D-mark's weakness against the U.S. dollar being cited by brokers as an incentive for some foreign buying of West German shares.

Paris

Bourse prices mostly turned easier in moderate activity, with declines leading rises by 112 to 47 in the French section.

Market analysts attributed the lack of tone to some profit-taking, as well as to the particularly poor performance of New York stock markets on Monday. A decline in the French Call Money rate to 14¼ per cent—its lowest level in nine months—from Monday's level of 14⅜ was ignored by the market.

Hong Kong

The market added to its string of bad performances yesterday, declining for the seventh consecutive session to leave the Hang Seng Index 29.92 weaker at 1,292.47. This makes a fall of 125 points since the January 29 close.

Turnover remained moderate, amounting to HK$234.31m on the four exchanges, against a total of HK$214.30m on Monday.

Analysts continued to blame the fall on an accumulation of negative factors. Primary among them is the high level of U.S. interest rates and prospects that they are unlikely to fall soon. The sharp drop on Wall Street on Monday after the U.S. President's new Budget proposals further undermined sentiment.

One analyst, however, predicted that the market would rebound sharply in the next few sessions. He said the index is approaching a very solid support level with the overall market nearing a price-earnings ratio of 10. This has stood as a floor to the market for a decade, he added, and there was little reason for prices to break through now. He said the index might fall as low as 1,250, but a very strong comeback could then be expected.

NEW YORK

CANADA

Indices

MONTREAL	Feb. 8	Feb. 5	Feb. 4	Feb. 3	1981-82 High	1981-82 Low
Industrials	294.80	308.45	300.08	301.48	409.56 (27/5)	298.42 (26/1/8)
Combined	279.97	296.08	284.74	296.94	575.28 (15/8)	279.97 (8/2/82)
TORONTO Composite	168.84	1751.5	1726.8	1734.5	2390.55 (16/7)	1698.4 (8/2/82)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
MGIC Inv.	907,400	30¾	−¾	Mobil	488,100	21⅛	−½
Pennzoil	886,400	45	−½	RCA	458,800	18⅝	−1
Exxon	732,600	28⅜	−½	Std. Oil Indiana	450,400	40	−1⅛
IBM	500,700	61½	−2	Datapoint	450,200	33⅝	−1⅝
Philip Morris	494,400	47⅝	−1⅝	Am. Tel. & Tel.	439,900	57⅝	−⅜

Tin market check to be made soon

DEVELOPMENTS IN the tin market are still being watched carefully by the London Metal Exchange, and a further investigation of positions held is expected shortly.

However, LME officials emphasised yesterday that the limit of £120 a tonne above the price, imposed on cash tin for delivery the following day, was not intended to depress the market. The aim is to avoid artificial differentials disrupting orderly trading.

It was noted that since the premium was imposed, the cash tin price has risen by nearly £400 and delivery dates in February are fetching a record £9,000 a tonne. Yesterday, the cash price was virtually unchanged at £9,952.5 a tonne, while the three months quotation gained £17.5 to £8,002.

Other metals were slightly firmer mainly reflecting the decline in the value of sterling against the dollar. The rise in copper was encouraged by reports that transport problems had left some £70m worth of Zambian copper exports stranded in Tanzania.

Reuter reported from Dublin that Tara Mines could not yet when shipments of lead and zinc concentrates would resume. Although the seven-month-old strike was settled on Friday, it is claimed that production will take some time to start again.

Cotton output record forecast

WASHINGTON—World cotton production this season will reach a record 71m bales, unchanged from last month's estimate but up from 65.5m bales last season, the International Cotton Advisory Committee (ICAC) said.

In its monthly report, ICAC noted some deterioration in crop prospects in South America, but this was offset by upward revisions in production for the U.S. and Soviet Union.

It said world cotton stocks at the end of the 1981-82 season will total 21.2m bales, down from 22.1m bales a year earlier.

World cotton use in 1981-82 will be 67m bales compared with 66.5m last year, ICAC said.

"Owing to unfavourable economic conditions, the outlook for consumption has deteriorated in a number of countries, especially in some of the leading textile producing countries," ICAC said.

Reuter

Fight illegal aid, farmers demand

BY RICHARD MOONEY

BRITISH FARMERS yesterday demanded retaliatory action against EEC countries where "illegal" government aid was paid to support farm incomes.

At the annual meeting of the National Farmers' Union in London suggestions were made ranging from the imposition of countervailing duties on imports from offending countries to the withholding of money from Britain's EEC budget contribution equivalent to the illegal aid. The latter idea came from Mr Bill Hoskin of the NFU Devon branch, who said the money saved should be used to aid British farmers.

Mr Hoskin called for an end to the Government's "pussy-footing" policy on this question.

"Illegal aids have got to be stopped," declared Mr Peter Coldicott of the Warwickshire branch. For three seasons British horticultural producers had laboured under the terrible disadvantage of having their major competitors, the Dutch, paying a false price for heating fuel, he said. Mr John Place of the Norfolk branch described the special aid of nearly £10m paid to UK growers over the past two seasons in compensation as "a pittance."

Mr Coldicott accused the EEC Commission of failing to use its powers to monitor and publicise national aids paid within the Community. "We must all support and strengthen the Commission's power of control," he said.

Mr Peter Wood, of the Somerset branch, drew a comparison with the France-Wales rugby match last Saturday. "The French ignored the laws of the scrum," he said. "They were justly penalised and the Welsh kicked their penalties and won the match."

A motion was passed unanimously by the meeting to set up an effective monitoring systems for national aids in the EEC; to strengthen the Commission's powers of control; and to impose stiffer sanctions.

Opening the meeting, Sir Richard Butler, the NFU president, said there were signs that the trough of the agricultural recession was passed last year. "We can be thankful," he said, "that we have escaped the worst effects of bankruptcy and unemployment which have hit other industries."

Sir Richard Butler

But he said the financial position of the industry had improved only a little. "In real terms incomes are still at the depressed levels to which they fell in the four years following 1976."

German farms poorer

BY JAMES BUCHAN IN BONN

FARMERS' incomes in West Germany dropped sharply for the second year running in 1980-81, adding fuel to demands by farmers' organisations for higher EEC guaranteed farm prices in the current year.

The West German Agriculture Ministry's annual report, published this week, says incomes for full-time German farmers fell last year by 12.6 per cent because of higher production costs and stagnant prices. The average family income for farmers was DM 21,200 a year compared with the industrial average wage, which rose 5 per cent to DM 31,000.

Herr Josef Ertl, the Minister of Agriculture, expects incomes to climb as much as 9 per cent in the current year but stressed in a statement accompanying the report that this would be from a level which had fallen as low as that of 1974-75.

However, the figures are somewhat misleading because of the heavy preponderance of part-time farmers in West Germany. The general discrepancy between farmers' incomes and those of other workers is being used to justify the call by EEC farmers' organisations for a 16.3 per cent rise in Community prices for 1982. The European Commission last month recommended average increases of 9 per cent.

Despite the pressure on incomes, the drift from the land in Germany last year was relatively restricted, with only 1.3 per cent of the workforce leaving agriculture against a 4.3 per cent average in the past ten years.

Commodity prices at 21-year low

GENEVA — Commodity prices fell to a 21-year low in 1981 in real terms, threatening recent modest economic growth in the Third World, an official of the United Nations Conference on Trade and Development said here, reports AP-Dow Jones.

Mr Alister McIntyre, Unctad's acting deputy secretary-general, told the agency's 100-member commodities committee that commodities fetched lower prices in 1981 than at any time since 1960, allowing for inflation.

Last year alone, he said, the combined price index for commodities fell by more than 20 per cent in real terms.

Such losses have "been a major factor in the grave intensification of the payments problems facing the developing countries," he told the committee, more than half of whom are from Third World countries. The panel opened a week-long meeting on Monday to consider suggestions for creating a price co-ordinated price support fund for commodities.

Mr McIntyre called for urgent action to counter a shortfall in developing countries' commodities earnings which it is estimated will reach $186bn by 1990.

He said he deplored the fact that only 20 countries had ratified the UN agreement setting up a common fund to finance commodity buffer stocks.

The world commodity situation created problems for maintaining growth and development in the Third World.

Busy day for gas oil futures

By Roy Hodson

HEAVY SELLING of oil products stocks by dealers in the London gas oil futures market yesterday provided one of the busiest day's trading (3,088 lots of 100 tonnes each) since the market opened 11 months ago.

Gas oil for delivery in March fell by more than $10 a tonne during the day and closed $9 down at $265.75 a tonne. Selling was prompted overwhelmingly by the market's belief that oil prices worldwide for both crude and products have further to fall in the present slump.

"The risks in holding physical stocks of oil are getting bigger all the time" said one large trader. The price for cash gas oil has fallen by $60 a tonne in the London market since the beginning of the year.

A backwardation has opened on the market—the price of gas oil for delivery in April is cheaper by some $12 a tonne than oil being sold for cash. Traders say the explanation is that the futures market has been moving prices for forward delivery contracts down more quickly recently than has the physical market with stocks to sell.

In Rotterdam, spot gas oil prices fell back after last week's buying revival. EEC gas oil in barges was quoted yesterday at $280 a tonne or lower—a fall of $10 a tonne upon last week's

Non-EEC gas oil fell to about $270 a tonne. Rotterdam traders say, according to Reuter, that Soviet gas oil supplies to Northern Europe are still significant.

London coffee values surge

By Our Commodities Staff

A LATE UPSURGE took coffee prices on the London futures market to the highest level since August 1980 at yesterday's close.

Prices opened weaker and many speculators were encouraged to sell short by "bearish" chart patterns. But significant purchases by large speculative holders turned the market round near the close and the May position, which had slipped to £1,196 a tonne in the morning, ended the day £32.50 up at £1,244 a tonne.

Dealers said the market continued to be featured by a lack of sellers. They noted that availability of nearby deliverable supplies was still very tight

U.S. STOCKPILE

Second thoughts on selling silver

BY NANCY DUNNE IN WASHINGTON

THE QUESTION of selling government-owned stockpiled silver has been tossed like the proverbial hot potato it has become into the hands of the U.S. Federal Emergency Management Agency. FEMA, which determines stockpile policy, is the same agency which declared in both 1976 and 1980 that the U.S. really does not need a silver stock for its national defence.

That conclusion was based on FEMA's projections that domestic silver demand during the first three years of the next conventional war could be met by domestic production and "reliable" imports. It led Congress to approve the sale of U.S. Government silver last year.

That has been challenged by the General Accounting Office (GAO), an arm of Congress, which recently produced a report asserting that defence-related silver needs should be re-evaluated and alternative disposal methods explored.

In October the Government began selling off 105m ounces of silver, 75 per cent of the American stockpile. But sales went poorly. Only 2m ounces were sold of more then 10m put up for auction. Congress suspended sales in December, asking the President to re-examine the entire issue by July 1.

The GAO found that conditions had changed since FEMA last gathered its data in 1978. White projected defence-related demand for silver had increased, silver production from existing domestic mines and processors had decreased.

FEMA officials say the GAO report is being thoroughly studied. Between the closing of Anaconda Co. and Bunker Hill Co., "We will get a reduction in smelting capacity of over 30 per cent," one FEMA official admitted. "At this point I'm still leaning towards a zero goal but we will consider several new factors in this report."

Until recently, FEMA has had little difficulty asserting the superfluity of the American silver stock. The U.S. is one of the four largest primary silver producers in the free world. With Canada, it produced about 30 per cent of the world's silver in 1978, and combined with "reliable" suppliers—the four "reliable" suppliers—the four produced 63 per cent. Secondary silver production is about equal to domestic production, and over 170m troy ounces are available from U.S. scrap.

However, the U.S. bureau of mines has now predicted that increased domestic demand for silver will outstrip increased primary silver production, so the U.S. will become more dependent than ever on foreign supplies. It is the "reliable" foreign suppliers that the GAO now questions. All three of them have strongly protested about the sale of silver from the stockpile, fearing it would drive prices down.

"The degree to which the perceived adverse impact of the silver disposal may weaken economic and political bonds between the U.S. and its major foreign silver suppliers must be recognised in considering the international implications of the auction disposal method," the report said.

GAO expressed concern over "Extremist agitation and political instability in Peru's silver producing areas" and "the reluctance of Canada and Mexico to fully co-operate with the U.S. in increasing oil production and their growing attitude towards self-reliance . . ."

The timing of the silver sales was also questioned by GAO. Silver prices, already plummeting along with gold and other metals, will earn much less now than if sold when the market is strong. If the U.S. should find it needs to stockpile silver in the future, new supplies would probably cost much more than the revenues to be realised from current sales.

It suggested that the sales may have depressed prices. The report noted that when firm plans to begin weekly silver auctions were announced, prices fell on Comex in New York by $1.24 or 11 per cent, to $9.72 a troy ounce. The price continued to fall closing at $8.69 in New York last September 25, and averaging $9.25 an ounce for October 1981.

Whether sales had a long-term depressing effect on the market or whether it was tumbling along with the other metals hit by recession is uncertain. The sales eventually came to be seen by traders as non-events which had no effect on prices. After they were suspended silver continued to fall. Last month it hit a three-year low on the spot market, at $7.75 an ounce.

Should FEMA still conclude that silver can be safely sold from the stockpile, GAO has studied alternative methods of disposal and concluded that the most attractive option would be a bullion coinage programme. Such a scheme would be acceptable to the foreign suppliers, the reports says. It is what state congressmen from mining areas have been pushing for all along.

The GAO has produced an alternative politically acceptable to many of the conservative congressmen who support the Administration. It remains to be seen if FEMA will also be sniffing the prevailing political winds as the July deadline for a decision approaches.

PRESIDENT REAGAN'S budget for the 1983 fiscal year proposed that $120m be used for purchases of strategic materials vital for the U.S. stockpile. For the current fiscal year, the budget projects $80m will be used to finance stockpile acquisitions. However, the proposals are subject to approval by the Congress.

The budget did not disclose what commodities would be purchased or sold under the stockpile programme and such information in the past has been withheld to avoid any impact on markets.

Under existing legislation, the U.S. administration projects that $233.93m will be generated from the sale of surplus items like tin and mercury in the current fiscal year.

The budget estimates that in 1983 $189.7m will be generated from sales of surplus items under existing law. New legislation will propose the sale of commodities valued at $402.14m.

Under the stockpile's Revolving Fund, money generated from sales is in turn used to finance stockpile purchases in future years.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES moved narrowly on the London Metal Exchange and were mainly influenced by currency fluctuations. Copper moved up to close at £894, reflecting the decline in sterling. Lead touched £342, prior to ...

... 70: three months £8,090, 7,999, 90, 80. Kerb: Standard: Cash £8,960, 8,970: late-Feb £8,500. Afternoon: Standard: Cash £8,960, 50, 60, 55, 50, end-Feb £8,500: three months £7,990, 8,000, 65. Kerb: Standard: Cash £8,960: three months £8,000, 10, 15. Turnover: 1,635 tonnes.

Nickel—Morning: Three months £3,125, 30, 25, 20. Kerb: Three months £3,120. Afternoon: Three months £3,123, 25, 30. Kerb: Three months £3,130, 35, 30. Turnover: 738 tonnes.

... 524.0: Oct 523.0, 525.0, 524.0-521.0: Dec 527.5, 528.0, 527.0-526.0: March 531.5, 533.0, 532.5-528.5: May 536.5, 537.0, 536.0-536.0: July 539.5, 540.0, 539.9-537.0. Sales: 360.

GAS OIL FUTURES

SILVER

COCOA

COFFEE

RUBBER

WOOL FUTURES

SOYABEAN MEAL

The market opened slightly easier, reports T. C. Reddick. Prices remained defensive with general lack of buying interest.

SUGAR

GRAINS

POTATOES

MEAT/VEGETABLES

COTTON

PRICE CHANGES

In tonnes unless otherwise stated.

AMERICAN MARKETS

NEW YORK, February 9

Gold came under pressure from commission house selling while silver was firm on dealer buying. Copper remained weak on continued long liquidation. Cocoa was lower on producer selling. Coffee rallied sharply on good trade support. The grain and soyabean complex was under pressure ...

CHICAGO, February 9.

Lard—Chicago loose 22.25 (same). Live Cattle—Feb 65.80-65.62 (65.37), April 61.20-64.30 (63.17), June 63.00-63.05, Aug 61.25-61.15, Oct 59.30-59.10, Dec 59.55.

Live Hogs—Feb 51.70-51.85 (50.95), April 48.50-48.40 (47.70), June 50.40-50.30, July 511.15-511.0, Aug 49.70 ...

EUROPEAN MARKETS

INDICES

FINANCIAL TIMES

DOW JONES

MOODY'S

REUTERS

Money growth expansion speeds downward drift and equity index closes 7.5 lower—Gilts also easier

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8
Mar 1	Mar 11	Mar 12	Mar 22

* "New time" dealings may take place from 9.30 am two business days earlier.

Extremely disappointing mid-January banking statistics were too much yesterday for London stock markets attempting to resist continued adverse U.S. influences. Mid-afternoon news of a sharp unexpected expansion in money growth—sterling M3 was estimated to have risen between 1½ and 1¾ per cent—caused equity values to deteriorate and Government securities to return to the lowest of the day.

Prior to the announcement, leading shares were showing only marginal falls and withstanding the effects of Wall Street's overnight slump to a three-month low. Afterwards, the losses were doubled as reflected in the FT Industrial Ordinary share index. Down 4 points at 2.00 pm, this measure was 8 points down an hour later before New York's rally from early weakness yesterday imparted some stability; the index closed a net 7.5 lower at 563.2.

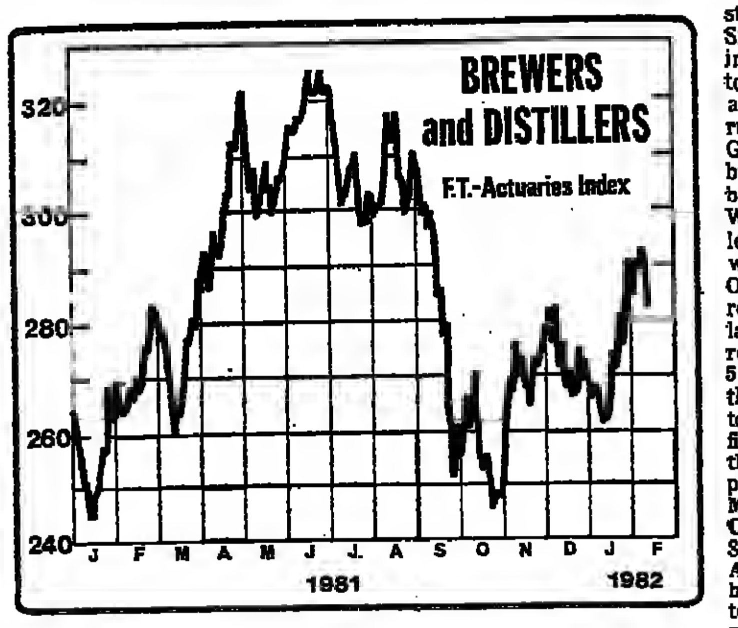
Contrasting predictions about U.S. economic trends and interest rates in the wake of President Reagan's budget proposals stifled London investment incentive. Secondary equities were supported in places and speculative activity developed, but business overall was light. Wood Hall Trust highlighted an otherwise lacklustre day, advancing 49 to 205p following a market raid and the strong suspicion that a second party was also acquiring a stake.

Sterling's weakness yesterday against the dollar inhibited demand for Gilt-edged securities and quotations were unable to hold the ground regained late on Monday. Losses were often small, but slightly larger—ranging to ¾ at the shorter end of the market where the new tap stock, Exchequer 13¼ per cent 1987 "A," makes its debut this morning in £20-paid form. After the banking statistics, falls ranged to ⅛ and the FT Government Securities index shed 0.29 more to 64.39.

Insurances easier

Insurances contributed to the dull trend. Eagle Star, at 344p, gave back the previous day's speculative rise of 4, while General Accident closed a similar amount cheaper at 308p. Royals shed 8 to 352p and GRE 6 to 296p. Commercial Union, with preliminary results scheduled for February 23, relinquished 3 at 131p. Among Life issues, Pearl fell 10 to 390p and Prudential 8 at 230p.

Little of interest took place in a lethargic banking sector. An unsettled market since news of Laker Airline's demise, Midland edged forward to 338p initially but reacted late to close unchanged on the day at 335p. Barclays lost 5 at 460p and Lloyds 3 to 452p. Bank of Scotland gave up 5 to 460p. Elsewhere, merchant banks drifted lower for want of support.



Breweries finished with moderate falls following a late bout of institutional selling. Whitbread, 100p, and Bass, 214p, gave up 5 and 4 respectively, while the uninspiring tone of the chairman's statement at the annual meeting prompted marked weakness in Grand Metropolitan, 9 off at 190p. Regionals also remained dull; Vaux eased 2 more to 123p, sentiment not helped by cautious comments emanating after the company's meeting in Sunderland with leading brokers. Wines and Spirits also finished at the bottom; Distillers shed 5 to 166p.

Buildings followed the lower trend, with Blue Circle closing 8 lower at 530p among the leaders. Sporadic offerings left Barratt Developments 7 off at 235p. Crouch Group gave up 6 to 100p and Costain 4 to 272p, while Geo. Wimpey ended 3 cheaper at 97p. Following the annual statements, Y. J. Lovell eased 4 to 264p and SGB 3 to 164p. Timbers to give ground included M. L. Meyer, 4 lower at 73p, and Phoenix, a couple of pence easier at 96p.

ICI fluctuated narrowly in Chemicals before settling 2 cheaper on the day at 335p.

Martin good again

Leading Stores hovered around the opening levels for most of the session but succumbed to selling after the "House" close. Gussies "A" shed 7 to 478p, while recently firm Burton reacted 5 to 148p. Secondary counters also finished around the day's lowest, although the business volume here left much to be desired. Profit-taking clipped 10 from Poly Peck, 330p, and 3 from Cornell Dresses, 167p, while George Oliver "A" gave up 6 to 114p for a similar reason. Mail-orders continued dull and Freemans, 136p, and Empire, 80p, both eased 4, while Grattan shed a couple of pence to 100p. In contrast, Martin The Newsagent remained firm in the wake of the purchase of 25 stores from Sperrings and rose 4 for a two-day gain of 12 to 294p. Ladies Pride Outerwear gained the turn to 47p, the near-halved full-year earnings being annulled as a trading influence by the chairman's confident remarks on current and future trading.

The Electrical majors again showed a tendency to soften late and, as on Monday, closed at the day's lowest. Plessey fell 9 further to 358p, while GEC, 821p, and Racal, 373p, lost 7 apiece. Thorn EMI ended only a few pence lower at 460p; details of the latter's programming licencing agreement with ABC Video Enterprises made no impact on sentiment. Elsewhere, Cable and Wireless retreated 6 on profit-taking to 238p and falls of 10 and 12 respectively were seen in Unitech, 240p, and Ferranti, 655p. A particularly firm market of late, Amstrad rose further to 250p in response to the record interim profits but later succumbed to profit-taking and settled a net 5 lower at 235p. United Scientific, on the other hand, rose 28 to 635p on the annual report.

An attempted rally in the Engineering leaders from lower opening levels proved abortive and quotations ended at the day's lowest. GKN closed 5 cheaper at 177p and Hawker 6 down at 328p, while John Brown gave up 2 to 60½p and Tubes 4 to 134p. The trend was also to lower levels in secondary issues. ML Holdings, still reflecting the half-year results, eased 5 more to 285p. G. M. Firth remained on offer and closed similarly lower at 215p, while the continued liquidation of speculative positions prompted a further reaction of 2½ to 39p in F. H. Lloyd. Falls of around 4 were marked against NEI, 84p, and McKechnie, 106p. Mining Supplies eased 2 further to 106p awaiting tomorrow's interim statement.

Wood Hall Trust jump

Wood Hall Trust highlighted miscellaneous industrials, jumping 49 to a peak of 205p following the acquisition by stockbrokers Fielding Newson-Smith of a 10 per cent stake in the company at a price of up to 200p per share on behalf of an unnamed client, yesterday rumoured to be Elder Smith Goldsbrough Mort; another buyer was also reported to have been in the market acquiring W.H.T. stock at around the 200p level. Elsewhere, Chubb, in which the Kuwait Investment Office holds an 11 per cent stake, rose 5 to 111p on revived speculative support, while Lep, still reflecting Press comment, added 5 more to 300p. Aarnnson, on the other hand, plummeted 11 to 34p following the poor annual figures, while profit-taking in the wake of the satisfactory preliminary results left Donald Macpherson 6 lower at 80p. Crest Nicholson cheapened 3 to 89p after trading news and Arthur Holden lost 8 to 184p as hopes faded of a possible counter to ICI's cash offer of 180p per share. Still on adverse comment, Eurofame shed a penny for a two-day loss of 4 at 8p, after 6p. Among the dull leaders, Pilkington fell 12 to 273p and Boots 6 to 208p. Turner and Newall found support in front of tomorrow's half-timer and firmed 3 to 122p. Dunlop, 70p, and AE, 51p, eased 2 apiece. Elsewhere, coachbuilders Plaxtons, 136p, gave up 6 on Monday's Press-inspired gain of 4.

The cash crisis and renewed threat of closure at Times Newspapers unsettled parent company News International which slumped 12 to 93p. Elsewhere, advertising agency and money broker Mills and Allen eased 15 to 523p on profit-taking, while sellers also held sway in John Waddington, 6 cheaper at 110p.

In quietly dull Properties, Land Securities gave up 5 to 295p.

Oils mark time

Reflecting the overnight setback on Wall Street, leading Oils opened a few pence lower before rallying to close little changed on balance. Down 5 on Monday, Steaua Romana picked up 2 to 52p after the proposed £1.56m rights issue. Hunting Petroleum gave up 3 to 196p on the announcement of a £12.5m rights issue. Candecca closed 7 off at 186p; Sceptre Resources announced yesterday that it is considering the disposal of all, or a substantial portion, of its holding in the company.

Overseas Traders were mixed. Tozer Kemsley and Millbourn firmed 2 to 74p, helped by call option business, while Bonslead, 95p, recovered 2 of Monday's fall of 9. Gill and Duffus, on the other hand, fell 4 to 174p in belated response to the resignation of the chairman.

Exco International finished a penny firmer at 207p following the announcement that the company had acquired a 75 per cent interest in a Hong Kong stockbroking business. Other money brokers, in contrast, turned reactionary, Mercantile House falling 12 to 453p and R. P. Martin, 10 to 365p.

Western Mining weak

Further poor trading results—this time from Western Mining and Bougainville—coupled with fears of a prolonged period of high interest rates left Australian mining issues with widespread and often substantial losses.

Western Mining bore the brunt of the selling and dropped 15 to a 1981/82 low of 215p following the 80 per cent fall in half-year net profits. Bougainville, which announced a 68 per cent drop in full-year profits, dipped 6 to 64p, after a 1981/82 low of 63p, while CRA, which has a 53.6 per cent stake in Bougainville, closed unchanged on balance at 162p, after 159p.

Among other leading Down-Under stocks, MIM Holdings gave up 5 to 176p, Gold Mines of Kalgoorlie 10 to a 1981/82 low of 280p and North Broken Hill 4 to a low of 141p.

Peko-Wallsend, due to announce half-year results in about two weeks, moved against the general trend and edged up 5 to 340p.

Many of the speculative issues fell to 1981/82 lows, notably Metramar and Swan Resources, down 2 apiece at 15p and 30p respectively.

South African Golds were heavily sold in morning, but staged a strong rally later and closed showing only minor losses.

The Gold Mines index fell 2.7 to 287.0, while the bullion price held steady throughout the day prior to closing $0.75 up at $379.5 an ounce.

A weak UK equity market led to aggressive selling of London-registered Financials. RTZ, additionally depressed by the Bougainville results, lost 13 to 443p, after 440p, while Charter dipped 10 to 240p and Gold Fields 8 to 467p.

UC Investments highlighted South African Financials by advancing 20 to 590p in response to the increased final dividend. "Johnnies," on the other hand, eased ¾ to £36¼ reflecting the modest decline in half-year profits.

Demand for Traded options continued to improve, the increased activity stemming from more put business. Total contracts dealt yesterday amounted to 2,029, comprising 1,170 calls and 859 puts—the highest put total since September 28 last. Imperial and ICI recorded 223 and 285 calls respectively. Put trading was dominated by GEC with 255, while Grand Metropolitan attracted 125, the latter following the annual meeting.

FINANCIAL TIMES STOCK INDICES

	Feb. 9	Feb. 8	Feb. 5	Feb. 4	Feb. 3	Feb. 2	A year ago
Government Secs.	64.39	64.68	65.15	64.95	64.78	64.40	69.06
Fixed Interest	65.08	65.17	65.26	64.87	64.64	64.42	70.41
Industrial Ord.	563.2	570.7	578.1	574.8	576.0	571.0	485.9
Gold Mines	287.0	289.7	294.6	293.5	282.7	281.8	334.5
Ord. Div. Yield	6.44	5.37	5.31	5.33	5.29	5.35	7.38
Earnings, Yld. % (full)	9.60	9.48	9.37	9.57	9.47	9.58	15.52
P/E Ratio (net) (*)	13.55	13.82	13.99	13.23	13.40	13.25	7.40
Total bargains	19,566	19,086	23,166	18,335	21,168	22,342	23,029
Equity turnover £m.	—	111.47	139.00	153.57	176.15	144.47	128.97
Equity bargains	—	15,595	15,026	16,619	17,107	18,573	18,194

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

10 am 567.2. 11 am 566.5. Noon 567.2. 1 pm 566.9.
2 pm 566.7. 3 pm 562.7.
Latest Index 01-246 8026.
*Nil=12.13.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3/81)	61.51 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	449.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/8/81)	252.6 (23/6/81)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 9	Feb. 8
—Daily		
Gilt Edged Bargains	172.6	182.2
Equities Bargains	101.0	97.5
Value	995.3	980.9
5-day Avrge.		
Gilt-Edged Bargains	183.1	188.5
Equities Bargains	107.4	111.4
Value	292.9	304.0

London Clearing Banks' balances

as at January 20 1982

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	Total outstanding £m	Change on month £m	Change on month £m
LIABILITIES				
Sterling deposits:				
UK banking sector	9,450		+586	
UK private sector	45,758		+910	
UK public sector	911		+239	
Overseas residents	5,318		+ 24	
Certificates of deposit	2,594		+ 2	
		64,030		+1,760
of which: Sight		20,976		+ 437
Time (inc. CD's)		43,054		+1,323
Foreign currency deposits:				
UK banking sector	13,201		−669	
Other UK residents	2,973		−165	
Overseas residents	28,196		+1,023	
Certificates of deposit	3,523		+245	
		46,893		+ 435
Total deposits		110,923		+2,196
Other liabilities*		14,095		+ 108
TOTAL LIABILITIES		125,018		+2,303
ASSETS				
Sterling				
Cash and balances with Bank of England		1,350		+ 25
Market loans:				
Discount market	2,490		−106	
UK banks	9,290		−410	
Certificates of deposit	1,411		−347	
Local authorities	1,440		+ 16	
Other	1,428		−176	
		16,058		−1,023
Bills:				
Treasury bills	427		+ 58	
Other bills	1,044		−203	
		1,471		− 146
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,508		−104	
Other	2,384		+ 70	
		4,892		− 35
Advances:				
UK private sector	40,197		+2,176	
UK public sector	523		+249	
Overseas residents	3,234		− 26	
		43,954		+2,399
Other sterling assets*		8,286		+ 516
Foreign currencies				
Market loans:				
UK banks and discount market	11,526		−166	
Certificates of deposit	255		− 67	
Other	20,662		+267	
		32,443		+ 34
Bills		62		+ 7
Advances:				
UK private sector	2,916		+153	
UK public sector	463		+ 27	
Overseas residents	10,438		+120	
		13,817		+ 300
Other foreign currency assets*		2,685		+ 226
TOTAL ASSETS		125,018		+2,303
Acceptances		1,994		+ 464
Eligible liabilities		48,417		+2,173

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	110,923	+2,196	31,824	+836	19,420	+1,080	23,660	+307	33,044	−111	2,975	+ 34
ASSETS												
Cash and balances with Bank of England	1,350	+ 25	394	+ 36	209	− 22	282	+ 1	416	—	48	+ 10
Market loans:												
UK monetary sector	23,306	− 682	6,638	−131	3,579	+ 236	3,281	−388	9,277	−395	529	− 4
Other	25,195	− 308	7,004	− 65	5,117	+ 324	5,395	+ 85	6,943	−663	737	+ 12
Bills	1,533	− 130	499	− 86	168	− 32	460	+ 42	366	− 71	39	+ 7
British Government stocks	2,508	− 104	743	+ 3	432	− 67	751	− 10	530	− 32	52	—
Advances	57,771	+2,699	17,087	+850	10,578	+ 540	12,655	+459	15,791	+778	1,660	+ 72

TABLE 3.

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES	48,417	+2,173	15,667	+614	8,232	+ 483	10,015	+246	13,120	+766	1,363	+ 64

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (32)

COMM'WEALTH & AFRICAN LOANS (2)
Aust. 5¼pc '81-82 Aust. 5pc 1981-83
BANKS (1)
Wintrust
BUILDINGS (1)
Carr (John)
STORES (1)
Martin Newsagent
ELECTRICALS (4)
C.A.S.E. Fujitsu
Eurotherm Utd. Scientific
ENGINEERING (2)
Molins Williams (W.)
FOODS (1)
Sainsbury (J.)
INDUSTRIALS (8)
Chubb Watsham's
J.B. Holdings Whatman Reeve Ang.
Marshall (T.) (Lox.) Wolseley-Hughes
Riley (E. J.) Wood Hall
LEISURE (2)
Pleasurama TVS N/V
MOTORS (1)
Reliant Motor
NEWSPAPERS (2)
Assoc. Book Pearson Longman
PAPER (3)
BPC Eucalyptus
Bunzl Pulp
SHOES (1)
Footwear Invs.
TRUSTS (1)
Caledonia Invs.
OIL & GAS (1)
Century
MINES (1)
Killinghall

NEW LOWS (31)

AMERICANS (1)
Rexnord
CANADIANS (3)
Bank of Montreal Imperial Oil
Hollinger
FOODS (1)
Barrow Milling
INDUSTRIALS (3)
Euroflame Stonehill
Hay (Norman)
PROPERTY (1)
Daon Dev. Corp.
OIL & GAS (5)
Ceres Res. Sceptre Res.
LASMO Woodside
S. & K. Pet.
RUBBERS (1)
Harrisons Mal. Ests.
MINES (16)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	83	2
Corpns. Dom. & Foreign Bonds	3	11	60
Industrials	126	453	776
Financial & Props.	32	215	269
Oils	6	52	52
Plantations	1	4	19
Mines	15	83	64
Others	17	86	40
Totals	205	987	1,289

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 1	Feb 12	May 13	May 24
Feb 22	Mar 5	June 3	June 14
Mar 8	Mar 19	June 17	June 28

For rate indications see end of Share Information Service

Calls were arranged in Rank Organisation, Imps, Dowty, Berkeley Exploration, BP, Henry Ansbacher, Lofs, Tozer Kemsley and Millbourn, Charterhall, Premier Oil, Gestetner A, Singlo, Exco, P and O Deferred, Huntley and Palmer, Brooke Bond, Smith St Aubyn, Burmah Oil, Lee Cooper, Barget and Debenhams. A put was done in Birmid Qualcast, while doubles were taken out in Imps, GEC, Burmah Oil and Fisons.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P/E ratio
§30	F.P.	12/2	30	29½	Asset Special 10p	29½	—	—	—	—	—
100	F.P.	12/2	99	96	Baillie Gifford Ja Tst	97	−1	—	—	—	—
†	F.P.	—	340	315	✱Eldridge Pope £1	340		9.5	2.9	4.0	10.5
80	F.P.	13/1	84	81	✱Equipu. 10p	82		bd5.1	2.1	6.4	12.5
—	F.P.	—	10	7	✱F&C Enter. Warrants	7		—	—	—	—
58½	F.P.	26/9	63	58½	Fledgeling Invs	62½		2.16	1.0	5.0	—
150	F.P.	4/1	165	156	✱Haytors £1	160		10.5	ф	9.9	ф
‖	F.P.	—	53	52	✱Malaysian Tin 5p	52		—	—	—	11.4
US$5.80	F.P.	12/2	305	260	Newmarket (1981) 5c	270	−2	—	—	—	—
§10	F.P.	10/12	19	14	✱Owners Abroad 10p	18½	−½	b0.5	3.1	3.9	10.0
§5	F.P.	—	12½	4½	Peak Hldgs	12½	+1	—	—	—	8.4
115	F.P.	29/1	129	117	Speyhawk 10p	129	+1	bd7.0	2.5	7.8	5.8
—	F.P.	—	6	3½	Viners 1p	4		—	—	—	—
46	F.P.	19/2	55	47	✱York Mount	51	−2	b4.51	3.9	12.6	2.2

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
§100	£25	30/7	27	25¾	Barclays 16% Ln. Stk.	25	—
¶¶	F.P.	12/3	97	86	Habitat 9½% Conv. Uns. Ln. '98-2001	96	−1
‖	F.P.	26/2	112	102	Haslemere Est 9pc Conv Uns Ln 2001/06	108½	−1½
£19½	£10	18/3	16	13	Mid-Kent Water 9½% Red. Prf. 1987	15	—
§100	F.P.	—	100¾	99¾	Nat'wide Bdg. Society 15¼% (17/1/83)	100¾	—
§100	F.P.	—	100¼	100	Do. 15⅝% (7/2/83)	100⅛	—
—	F.P.	—	117	106	Viners 10% Cnv. Loan 1996	115	—

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
2.5A$	F.P.	—	—	244	202	CSR A $1	202	[illegible]
15	F.P.	26/1	17/3	19	16	✱Carlton Real Ests. 10p	18½	
140	Nil	18/2	10/3	23pm	15pm	Davy Corp.	20pm	−1
55	Nil	12/2	5/3	60pm	60pm	Glass Glover	60pm	
R2	Nil	—	—	35pm	20pm	Griqualand 6 cts	25pm	
26	F.P.	25/1	12/2	60	32	I.C.L.	42	
180	F.P.	22/1	25/2	256	212	Kwik-Save 10p	254	−2
44	F.P.	8/1	12/2	54	48	Lennons Grp. 10p	54	
220	Nil	—	—	51pm	49pm	Lovell (Y.J.)	49pm	−2
188	Nil	11/2	26/3	38pm	30pm	MEPC	31pm	−2
96	Nil	25/2	19/3	13pm	10pm	Smith St. Aubyn	10pm	−1
50	F.P.	19/1	10/2	58	52	Wearwell 5p	53	

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimates for 1982. *Q* Gross. *T* Figures assumed. ф Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2) (a).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bougainville	64	− 5	Grand Metropolitan	190	− 9
Chubb	111	+ 5	Lucas Industries	211	− 1
Commercial Union	131	− 3	RTZ	443	−13
Crest Nicholson	89	− 3	Royal Insurance	352	− 8
Dowty	122	+ 3	W. Mining	215	−15
Eagle Star	344	− 4	Wood Hall Trust	205	+49

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List.

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
GEC	14	828	−12	Fisons	10	248	+ 3
B.H. Props	13	535	−15	RTZ	10	456	− 9
BAT Inds	12	421	−10	Sun Alliance	10	873	+ 5
Eagle Star	11	348	+ 4	Barclays Bnk. 16pc UnsCapLn '02/07	9	£28	− ¾
Nimslo Intl	11	170	−10	ICI	9	340	− 2
Sound Diffsn	11	72	+ 1	Lucas Inds	9	212	− 9
Amstrad	10	240	+10				
Dowty	10	119	− 7				

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tues Feb 9 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Feb 8 Index No.	Fri Feb 5 Index No.	Thur Feb 4 Index No.	Wed Feb 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	371.30	−1.2	9.19	4.28	13.70	375.71	379.78	379.32	381.29	298.15
2	Building Materials (25)	328.57	−1.7	13.26	5.27	9.07	334.33	337.01	337.78	340.14	268.54
3	Contracting, Construction (28)	584.89	−1.4	15.89	4.84	7.36	593.11	595.15	593.62	592.84	487.25
4	Electricals (31)	1252.11	−1.2	7.34	2.30	17.42	1266.80	1283.35	1283.11	1289.80	985.40
5	Engineering Contractors (9)	510.91	−1.6	12.36	5.73	9.46	519.15	523.05	520.66	518.80	398.88
6	Mechanical Engineering (67)	198.07	−0.7	10.62	5.52	11.99	199.52	202.62	202.39	203.88	173.89
8	Metals and Metal Forming (12)	175.77	−1.3	6.92	6.93	20.29	178.03	180.50	180.50	179.38	159.12
9	Motors (21)	98.77	−1.4	—	6.74	—	100.14	101.90	100.78	102.40	87.80
10	Other Industrial Materials (17)	406.11	−0.9	7.79	5.64	15.92	409.73	410.63	408.71	408.42	296.92
21	CONSUMER GROUP (198)	290.24	−1.4	12.52	5.70	9.81	294.40	297.28	294.99	295.35	245.95
22	Brewers and Distillers (21)	282.37	−2.7	16.63	6.91	7.24	290.29	293.07	289.65	291.96	265.82
25	Food Manufacturing (21)	280.30	−1.2	14.96	6.10	8.02	283.65	285.20	283.74	284.58	228.28
26	Food Retailing (15)	[illegible]	−0.2	9.03	3.36	13.40	596.53	597.09	590.65	593.80	476.04
27	Health and Household Products (7)	382.37	−1.3	8.18	4.18	14.37	387.22	392.60	392.44	396.37	263.87
29	Leisure (24)	439.36	−1.1	9.17	5.03	13.75	444.23	446.34	445.60	445.30	347.45
32	Newspapers, Publishing (12)	499.44	−0.6	12.07	6.04	10.99	502.58	500.01	498.22	498.16	436.08
33	Packaging and Paper (13)	145.29	−0.2	13.77	7.42	8.68	145.61	145.60	143.75	142.63	128.12
34	Stores (45)	262.57	−1.8	10.98	5.14	12.17	267.45	271.67	270.78	270.10	258.21
35	Textiles (23)	166.89	−1.1	9.53	5.94	13.53	168.78	168.77	166.49	169.20	131.14
36	Tobaccos (3)	299.36	−0.8	19.33	8.71	5.94	301.83	300.16	298.04	292.98	222.39
39	Other Consumer (14)	277.38	−0.6	6.92	6.51	23.92	278.92	280.52	280.27	282.55	296.33
41	OTHER GROUPS (79)	257.97	−0.9	10.04	5.47	12.60	260.26	260.49	258.57	258.27	215.67
42	Chemicals (16)	345.29	−0.7	5.76	5.42	25.97	347.68	349.30	345.87	345.98	279.87
44	Office Equipment (4)	128.76	−1.5	13.36	6.68	8.99	130.72	131.35	131.17	130.80	100.60
45	Shipping and Transport (13)	578.67	−1.0	18.52	6.38	6.43	584.76	587.26	584.52	582.24	568.58
46	Miscellaneous (46)	319.75	−0.9	11.40	5.06	10.69	322.73	321.16	319.06	318.63	263.01
49	INDUSTRIAL GROUP (487)	313.89	−1.2	10.92	5.34	11.37	317.86	320.70	319.82	319.78	260.16
51	Oils (13)	680.15	−0.5	20.91	8.30	5.42	683.80	684.59	685.09	690.09	878.73
59	500 SHARE INDEX	343.75	−1.1	12.50	5.64	9.69	347.70	350.38	348.00	350.61	309.15
61	FINANCIAL GROUP (117)	256.10	−1.1	—	5.94	—	259.06	259.62	258.86	260.85	203.33
62	Banks (6)	280.82	−0.5	32.09	6.73	3.64	282.34	284.23	284.72	285.75	236.49
63	Discount Houses (9)	235.25	−0.1	—	10.66	—	235.38	235.66	232.48	233.60	305.19
65	Insurance (Life) (9)	253.12	−2.0	—	6.33	—	258.38	258.76	258.05	259.95	258.77
66	Insurance (Composite) (10)	157.99	−1.6	—	8.48	—	160.52	160.15	158.56	161.27	153.87
67	Insurance Brokers (7)	437.64	−1.4	10.17	5.21	13.29	443.67	458.39	456.98	457.98	313.92
68	Merchant Banks (12)	152.60	−1.1	—	5.35	—	154.26	153.56	154.50	152.81	140.35
69	Property (49)	454.12	−1.2	4.69	3.24	28.46	459.52	461.66	459.64	460.50	470.66
70	Other Financial (15)	187.13	−0.5	15.48	5.78	7.90	188.08	189.88	188.32	187.62	174.59
71	Investment Trusts (112)	315.20	−0.9	—	5.14	—	317.94	317.24	317.08	316.35	288.16
81	Mining Finance (4)	230.75	−2.5	14.93	6.16	8.06	236.67	241.43	240.71	241.76	285.48
91	Overseas Traders (17)	429.52	−1.0	12.05	7.41	10.17	433.69	436.30	435.26	434.99	433.95
99	ALL-SHARE INDEX (750)	324.06	−1.2	—	5.70	—	327.83	329.93	328.72	330.12	284.72

FIXED INTEREST

	PRICE INDICES	Tues Feb 9	Day's change %	Mon Feb 8	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	107.22	−0.18	107.41	—	1.70
2	5-15 years	102.46	−0.34	102.81	—	1.58
3	Over 15 years	105.33	−0.35	105.70	—	0.53
4	Irredeemables	114.12	−0.52	114.71	—	0.00
5	All Stocks	104.66	−0.29	104.96	—	1.26
6	Debentures & Loans	81.77	+0.20	81.60	—	0.89
7	Preference	64.05	+0.05	64.02	—	0.40

	AVERAGE GROSS REDEMPTION YIELDS		Tues Feb 9	Mon Feb 8	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.78	12.67	11.60
2		15 years	13.32	13.67	12.23
3		25 years	13.50	13.44	12.43
4	Medium Coupons	5 years	15.45	15.35	13.49
5		15 years	15.20	15.22	13.88
6		25 years	14.78	14.64	13.69
7	High Coupons	5 years	15.51	15.44	13.45
8		15 years	15.43	15.36	14.23
9		25 years	15.05	14.99	13.88
10	Irredeemables†		13.08	13.01	11.59
11	Debs & Loans	5 years	16.22	16.27	14.26
12		15 years	16.06	16.10	14.66
13		25 years	15.97	15.99	14.58
14	Preference†		15.62	15.63	15.69

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	78.0	[illegible]	-0.5	[illegible]
Do. (Accum.)	122.3	[illegible]	-1.2	[illegible]
Energy Int.	52.6	[illegible]	-1.1	[illegible]
Do. (Accum.)	[illegible]	[illegible]	-1.1	[illegible]
Extra Income	64.6	[illegible]	-0.5	[illegible]
Do. (Accum.)	91.9	[illegible]	-0.7	[illegible]
Income	102.1	[illegible]	-1.0	[illegible]
Do. (Accum.)	169.5	[illegible]	-1.5	[illegible]
Int. Technology	73.9	[illegible]	-0.8	[illegible]
Do. (Accum.)	79.7	[illegible]	-0.8	[illegible]
N. American & Gen.	47.0	[illegible]	-0.9	[illegible]
Do. (Accum.)	48.5	[illegible]	-0.9	[illegible]
Pacific Basin	47.1	[illegible]	.....	[illegible]
Do. (Accum.)	[illegible]	[illegible]	.....	[illegible]
Small Cos. & Recy.	50.0	[illegible]	-0.8	[illegible]
Do. (Accum.)	62.9	[illegible]	-0.9	[illegible]
Worldwide Grwth.	87.2	93.7	-1.3	[illegible]
Do. (Accum.)	117.2	126.0	-1.6	[illegible]

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	285.5	300.4	.....	3.96

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Dec. 31	358.50		.....	6.77
Wider Fund Dec. 31	280.25		.....	5.05
Narrower Fd. Dec. 31	70.05		.....	14.57

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

Save & Prosper Group—Cont.

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7. 01-534 5544

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Canada Life Assurance Co.
2-6, High St., Potters Bar, Herts. P. Bar 51122

Canada Life Assurance Co of G. Britain
2-6 High St., Potters Bar, Herts. P. Bar 51122

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Hambro Life Assurance P.L.C.
7 Old Park Lane, London, W1Y 3LJ. 01-499 0031

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	21	Anglo-Dominion	30	+5	—	—	—
25½	12	Burma Mines 10p	14½	......	0.75	0.9	7.4
330	85	Colby Res. Corp.	100	......	—	—	—
330	200	Cons. Murch. 10c.	290	......	060c	ф	11.0
10	5	‡‡Explaura Gold	7½	......	—	—	—
98	47	††Hemerdon 10c.	63	......	—	—	—
180	65	Highwood Res.	90	......	—	—	—
505	205	Northgate C$1	218	−10	—	—	—
633	372	R.T.Z.	443	−13	16.0	2.3	5.2
£130½	£93½	Do.9½%Cn.Ln.95-2000	£101½	−3½	Q9½%	—	†9.5
103	13	††SPO Minerals 10p	18	......	—	—	—
47	15	Sabina Inds. C$1	17	......	—	—	—
44	21	‡Southwest C. 10p	31	......	—	—	—
650	375	Tara Exptn. $1	375	−50	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis; earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ‖ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	42	......			
Bertrams	170	......	Conv. 9% '80/82	£94⅝	......
Bdg'wtr. Est. 50p	415	......	Nat. 9¾% 84/89	£64⅝	+⅛
Craig & Rose £1	£12⅜	......	Fin. 13% 97/02	£72⅜	......
Finlay Pkg. 5p	26	......	Alliance Gas	70	......
Graig Ship. £1	£22	−1	Arnott	220	......
Higsons Brew	68	......	Carroll (P.J.)	75	......
Holt (Jos) 25p	555	......	Concrete Prods.	98	......
I.O.M. Stm. £1	192	−3	Heiton (Hldgs.)	23	−2
Pearce (C. H.)	£10½	......	Irish Ropes	37	......
Peel Hldgs.	116	......	Jacob	60	......
Sheff. Refrshmt	85	......	T.M.G.	14	......
Sindall (Wm.)	290	......	Unidare	53	......

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	18	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	10
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lofs"	6½	MEPC	28
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	28	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	32	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	38
Gen. Electric	65	Sears	6		
Glaxo	42	Tesco	5½	**Mines**	
Grand Met.	17	Thorn EMI	42		
G.U.S. 'A'	45	Trust Houses	11	Charter Cons.	25
Guardian	25	Tube Invest.	13	Cons. Gold	45
G.K.N.	15	Turner & Newall	12	Lonrho	7
Hawker Sidd	38	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday February 10 1982

Times redundancy scheme unveiled

BY IVO DAWNAY AND JOHN LLOYD

TIMES NEWSPAPERS last night unveiled a comprehensive redundancy package in an attempt to persuade 600 staff members to accept voluntary severance by the end of next week.

The package is for all staff except journalists, who have their own agreement. It matches the journalists' terms of four weeks' pay for each year of service for employees below 60 and above 21, hut does not inclnde the minimum four months' notice payment. There is a ceiling of £25,000.

A statement setting out the compensation terms makes clear that volunteers for redundancy must come forward before 10.00 am tomorrow week.

The statement says that applications will be accepted only up to pre-determioed quotas in each department of the newspapers. The terms apply only until February 18 and will not be accepted as a precedent in any future negotiations.

If tha number of those coming forward in any department exceeds its quota, then those over 65 will go first, followed by those with the shortest period of service.

Union leaders reacted to Mr Murdoch's ultimatum with grim resignation yesterday. Though doubts were expressed over the possibility of achieving the 600 redundancies within the tima limit, it was clear that every union is taking the threat of closure seriously.

Mr Joe Wade, general secretary of the National Graphical Association, said that though he did not accept the ultimatum there was no alternative to joining talks on the survival plan.

Mr Wade said: "We must now work together to ensure that Times Newspapers can move into a healthy future."

The union was willing to co-operate to ensure continuous production. However, he added: "There are some principles the NGA will not sacrifice. We are not in the market to buy peace at any price."

Mr Owen O'Brien, general secretary of the National Society of Operative Printers, Graphical and Media Personnel, where the majority of job cuts are expected to fall, also said he was prepared to negotiate.

But he denied Mr Murdoch's claim that the Sunday Times was grossly overmanned. Officials of the Natsopa clerical chapel (office hranch), where up to 390 redundancies are being sought, were meeting last night to discuss their position.

Leaders of the National Union of Journalists also adopted a wait-and-see posture. Mr Ken Ashton, the NUJ general secretary, will today continue attempts to secure a meeting of print union general secretaries to discuss the crisis.

He said the union awaited clarification of where the 35 job cuts in editorial staff would fall. However, he believed that the management now accepted that it would consult the chapel on redundancies, although they would remain within the editor's discretion.

Concessions discriminate, Page 8

Saudis to increase credit line to Bonn

By James Buchan in Bonn

SAUDI ARABIA has agreed to increase its credit line to West Germany this year. The size of new credits is still to be worked out between the two governments.

The Saudis have emerged as West Germany's largest overseas lender as well as its main source of crude oil. They provided DM 5.5bn (£1.3bn) in direct credits in 1980 and a considerable portion of the total credit from the Organisation of Petroleum Exporting Countries last year which totalled more than DM 13bn.

It is widely expected in Bonn that credits in 1982 will be lower than last year.

The Bonn Finance Ministry confirmed yesterday that talks with Saudi officials had produced a commitment by the Kingdom to maintain the arrangement under which credit has been advanced to West Germany mainly to cover its balance of payments deficits. Borrowings will depend on developments in the West German economy during the year. Last year, Bonn had a deficit on current account of DM 23bn.

The Bonn Government said recently that it believed the current account deficit in 1982 would be nearer "DM 10bn than DM 20bn," and some independent forecasts have suggested an even better performance.

The Saudis' decision appears not to have been affected by disappointment at the lack of progress in their attempt to acquire the Leopard II battle tank from West Germany.

Prince Sultan, the Saudi Defence Minister, set his sights on purchasing the tank. But the West German Government is unable to move since it is still in the throes of preparing new guidelines on weapons exports.

Whatever the importance attached to Saudi Arabia by Herr Helmut Schmidt, the West German Chancellor, there is little chance of his finding a majority in the ruling coalition in favour of the sale.

The forthcoming guidelines on weapons sales are expected to be more restrictive than in the past.

However, it is understood in Bonn that Crown Prince Fahd, the most powerful voice in the Saudi leadership, has shown understanding for Herr Schmidt's difficulties over the sale and has no intention of making the Leopard II an issue which could hamper relations between the two countries.

Saudis and U.S. agree military committee, Page 4

Pope backs freedom for Solidarity

BY RUPERT CORNWELL IN ROME

POPE JOHN PAUL II declared yesterday that the return of full rights and freedom to Poland's independent Solidarity trade union offered the only hope of his country finding a way out of its present troubles.

This was the Pope's strongest public statement to date on the Polish crisis. It coincided with a hint by a senior Polish Government official that Mr Lech Walesa, Solidarity's interned leader, may be freed soon.

The Pope said: "The restitution of an effective and complete respect for the rights of working men, and especially their right to a union which has already been formed and legalised, is the only way out of this difficult situation."

He told a delegation in Rome of union leaders from several European countries—including representatives of the banned Polish union—that Solidarity was and remained a body genuinely representative of Poland's workers.

The Pope's speech yesterday suggests he is aligning himself with those in the Polish church who favour a more outspoken approach to the regime of General Wojciech Jaruzelski.

Poland's three leading churchmen, headed by Archbishop Josef Glemp, arrived in Rome on Thursday for a week of talks with the Pope on the Polish crisis.

The Pope's remarks contrasted with the comparatively mild tone adopted at the weekend by Archbishop Glemp—reckoned to be the moderate among the delegation now in Rome.

The other two—Archbishop Henryk Gulbinowicz of Wroclaw and Cardinal Franciszek Macharski of Krakow—are said to favour a tougher line in favour of Solidarity.

Meanwhile, in Warsaw, Mr Jerzy Odzowski, a deputy prime minister, yesterday told reporters that he was "convinced" Mr Walesa bore no responsibility for what he called the uncontrolled activities of Solidarity in the weeks before the December 13 military crackdown.

Indicating that there was little reason for the union leader to be held much longer, Mr Odzowski said: "I hope Mr Walesa is soon a free man again."

Our foreign staff adds: Poland's industrial output will fall 10 per cent in the first quarter of this year because of "insufficient supplies of raw materials, components and energy compounded by the shortage of hard currency," Mr Zenon Komender, the trade and services minister, said yesterday.

More strikes loom as Aslef shuns inquiry

BY PHILIP BASSETT, LABOUR CORRESPONDENT

ANOTHER TWO rail strikes will take place next week, leaders of the Associated Society of Locomotive Engineers and Firemen said yesterday. At the same time, they refused to attend the first session of the independent inquiry into the dispute as it finally got under way.

The union's strike yesterday was dented when one Aslef member drove a number of trains in the Midlands. British Rail ran two freight trains in the same region, driven by members of the rival National Union of Railwaymen.

Elsewhere, almost all stoppages were halted by the first of the week's strikes. The Aslef executive said next week's stoppages will be again on Tuesday and Thursday. The Sunday strikes are to continue.

While the union yesterday refused to attend the first meeting of the inquiry, there was a suggestion that it might attend a hearing separately from the other parties. It was thought this might resolve the differences between Aslef and the other parties over differing views on acceptable terms of reference for the inquiry.

Both the BR board and the NUR were understood to have argued strongly against any move to meet Aslef separately which they thought would make the outcome of the inquiry unworkable.

Splitting the hearings might also place Lord McCarthy, the inquiry chairman, in difficulty with the Advisory, Conciliation and Arbitration Service. Acas set up the inquiry and drew up the terms of reference, under which it saw BR and two of its three unions yesterday.

BR told the inquiry that Aslef's attitude towards flexible rostering—the issue at the centre of the present strikes, would add £5m a year to BR costs and would mean the creation of more than 500 extra posts for footplate staff alone.

The NUR supported BR's argument that two agreements, reached last year, on pay and productivity were linked. The white-collar Transport Salaried Staffs' Association was also critical of Aslef, although it stressed that it thought BR was wrong not to pay Aslef members a disputed 3 per cent payment.

There were hopes that the inquiry might report by the end of the week.

Aslef was unable to maintain a total closure of the railway network yesterday because one of its members—Mr Roland Davies, a 63-year-old driver from Nottingham—drove a number of trains—with very few passengers on board other than journalists — between Nottingham, Derby and Lincoln.

Mr Davies, who has opted for early retirement in a few weeks, was concerned that by striking he might endanger his severance payments.

Peter Riddell writes: The Government is likely to press for a speeding-up of BR's programme of selling off some of its profitable non-railway assets to raise money to finance trading losses and investments.

Mrs Thatcher yesterday gave her strongest warning yet of the dangerous implications for BR if the strikes continue. She told the House of Commons that BR's losses were not only financial. The "strikes over the last few weeks could cause the loss of freight and passenger traffic for ever," she said.

While the dispute lasts, the Government apparently is reluctant to consider any longer-term questions either about the scale of future disposals or about cuts in the investment programme or in services.

Counting the cost of Aslef claims, Page 8

West German law change boosts imports of Japanese motorcycles

BY STEWART FLEMING AND JOHN GRIFFITHS

A WEST GERMAN Government decision to change regulations on maximum engine size and speed of light motorcycles has opened the West German market to Japanese imports and forced a leading domestic manufacturer to seek a co-operation agreement with Yamaha.

Another West German maker has been brought to the brink of collapse partly by Japanese success in winning 60 per cent of the new market.

Yamaha is about to sign a co-operation deal with Fichtel and Sachs under which Hercules-Werke, a Sachs subsidiary, will market 80 cc Yamaha machines under the Hercules name through its 4,000-strong dealer network in Europe. The parties will also exchange technical information and jointly develop a new 80 cc machine. Hercules' 50 cc machines will be sold by Yamaha in Japan.

Meanwhile, the Japanese influx has brought manufacturer Kreidler Fahrzeugwerke, which was rescued from liquidation only last year, to the brink of collapse again.

A West German government decision, which became effective early in 1981, raised to 80cc the lower threshold for restrictive legislation on motorcycles and imposed a speed limit on the light machines of 80 kilometers an hour. The manufacture of 50cc machines is to be phased out in 1983.

Insurance rates were cut heavily to encourage sales of the 80cc machines, which were expected to be safer and quieter than the 50cc models.

Hercules estimated that sales of 50cc machines in West Germany fell to 150,000 last year from 210,000 in 1980, while sales of 80cc machines grew from zero to 100,000 in the same period.

West German makers had been expected to dominate the new market, but the change in the law coincided almost exactly with a major expansion of Japanese production in this sector.

Most of the 80cc machines are of "step-through" scooter type, sales of which have boomed in Japan since Honda decided to restart production at the end of 1980.

Yamaha and Suzuki quickly followed with their own models, and sales in Japan shot to 900,000 last year. The three makers expect domestic sales alone to reach 1.2m this year.

So Japanese manufacturers' costs were already spread over a large volume base, and their machines went on sale in West Germany at about DM 2,500 (£571) against an average price for German-built two-wheelers of about DM 4,000.

They have been making inroads into other European markets, with Honda's Melody model alone achieving 23,000 sales in the UK last year, nearly 10 per cent of the powered two-wheeler market.

The Japanese decision to re-start production of light machines was triggered by the unexpected success in Japan of Vespa scooters built by Piaggio of Italy. Some 10,000 were sold in 1980, but the arrival of Japanese competitors at less than half the Vespa's price cut its sales last year to 6,000.

The Japanese expect continuing strong growth in the sector, both at home and in Europe, where the annual market for lightweight motorcycles, scooters and mopeds exceeds 1.5m.

Weather

UK TODAY

MAINLY mild and dry with sunny Intervals. Some rain in the west.

England and Wales
Cloudy with occasiooal rain. Fresh or strong winds. Mild. Max 12C (54F).

N. Ireland, Isle of Man, S.W. Scotland, Glasgow
Clondy with rain, hecoming drier. Strong to gale force wiods. Max 10C (50F).

Borders, Edinburgh, Aberdeen
Cloudy with showers. Strong winds. Max 10C (50F).

Rest of Scotland
Showers becoming more frequent and heavy. Strong to gale force winds. Max 7C (45F).

Outlook: Mostly mild hnt hecoming unsettled.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	14	57	L. Ang.†	F	10	50
Algiers	S	17	63	Luxmbg.	F	7	45
Amsdm.	C	8	46	Luxor	F	19	66
Athens	F	13	55	Madrid	a	11	52
Bahrain		—	—	Majorca	S	15	59
Barclna.	S	15	59	Malaga	C	15	59
Beirut		—	—	Malta	F	17	63
Belfast	R	6	43	Mchstr.	C	10	50
Belgrd.	C	5	41	Melbne.		—	—
Berlin	C	5	41	Mx. C.†		—	—
Biarritz	S	15	59	Miami†		—	—
Bmghm.	C	11	52	Milan	C	3	37
Blackp'l	R	8	46	Montrl.†	C	−8	18
Bordx.	S	8	46	Moscow	S	−12	10
Boulgn.	C	7	45	Munich	C	5	41
Bristol	F	14	57	Nairobi	F	28	82
Brussels	F	8	48	Naples	C	11	52
Budpst.	C	5	41	Nassau		—	—
Cairo	F	16	61	Nwcstl.	C	9	48
Cardiff	a	13	55	N. York†	S	1	34
Csbca.	C	12	66	Nice	S	14	57
Cape T.		—	—	Nicosia	F	16	59
Chicg.†		—	—	Oporto	S	15	59
Cologne	C	8	46	Oslo	Sn	1	34
Cpnhgn.	C	0	32	Paris	a	10	50
Corfu	R	12	54	Perth	S	30	86
Denver†		—	—	Prague	F	3	37
Dublin	C	8	46	Rykjvk.	R	1	34
Dbrvnk.	R	8	46	Rhodes	S	14	57
Ednbgh.	F	8	46	Rio J'o†		—	—
Faro	F	15	59	Rome	F	14	57
Florence	F	11	52	Salzb'rg	F	3	37
Frankf't	C	5	41	S'ciscot	F	7	45
Funchal	S	18	66	S. M'ritz		—	—
Geneva	S	7	45	Singapr.		—	—
Gibrltr.	C	15	59	S'tiago†		—	—
Glasg'w	C	7	45	Stckhm.	C	−4	25
G'nsey	S	10	50	Strasb'g	F	10	50
Helsinki	F	−12	10	Sydney		—	—
H. Kong	C	16	61	Tangier	S	17	63
Innsbr'k	F	4	39	Tel Aviv	C	14	57
Invrnss.	F	6	43	Tenerife	S	21	70
I.o.Man	C	10	50	Tokyo	S	8	43
Istanbul	F	7	45	Tor'nto†	Sn	−7	19
Jersey	F	10	50	Tunis	C	16	61
Jo'burg		—	—	Valencia	S	14	57
L. Plms.	F	20	68	Venice	S	8	46
Lisbon	S	12	54	Vienna	F	5	41
Locarno	a	8	46	Warsaw	C	1	34
London	C	11	52	Zurich	C	5	43

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow. † Noon GMT temperatures.

Continued from Page 1

Bank loans

from market borrowings into overdraft finance as a result of the relative movements of interest rates. Lending for house mortgages continued to increase substantially.

These shifts, and the distortions resulting from last year's civil servants' dispute, appear to have persuaded the authorities that there is no immediate need for action, especially as Ministers are getting used to the idea that the monthly money supply figures are less important than was once believed.

Figures for the Government's central borrowing requirement in January, also out yesterday, confirmed the view that borrowing will be under control this financial year and may undershoot the target.

Continued from Page 1

Exco

profits of £1.25m for the year to last March, and yesterday predicted a "substantially higher figure" of the order of a 30 per cent increase, for the current year.

The disclosure confirmed the impression that W. I. Carr has been Carr Sebag's main profit centre for some time, which makes the sale a particularly painful one for the London firm.

Continued from Page 1

Cost of new submarine

the new vessels, to which the Defence Ministry's Ship Department was expected to design, was for a submarine of 1,800 tons displacement. Weapons and other systems were to be bought "off the shelf" as far as possible to keep costs down and encourage exports.

What emerged, apparently after heated argument, was a 2,400 ton vessel which needed a larger crew than either the Navy or potential foreign customers wanted. However, critics are most concerned that plans to use tried and developed weapons and other systems were abandoned in 1980 when a decision was taken to develop new systems.

Singer Librascope of the U.S. confirmed yesterday that it was able to offer its SFCS tactical system for action information and weapon control for around £1m per submarine. The company had been told by the Navy that its system met Navy requirements.

Other companies are believed to have been ready to supply torpedo stowage and loading equipment for less than £2m and sonars for some £1.5m a vessel—a total of less than £50m for 10 submarines.

High on the agenda for any inquiry into the T2400 will be the two-line entry in last year's Defence White Paper which noted — apparently for the first time in a public document — that £100m was being set aside in "programme" costs for the weapon-handling and launching system and £240m for the sonar, action information and fire control system for the new patrol submarine.

THE LEX COLUMN

New driver for used Carr

Once the humble subsidiary of a discount house, Exco International is now, as a result of the boom in money broking, a very fast growing financial service group. More than alphabetic compulsion lies behind its purchase of a controlling stake in WICO, the Hong Kong arm of Carr, Sebag. Exco reckons that it can bring to stockbroking the international punch of its worldwide money network and communications benefits from its holding in the Telerate system. In particular, the aim seems to be to channel U.S. institutional equity business into the Far East.

The price of £4¼m for 75 per cent of WICO (Exco is also providing a £½m working capital injection) represents less than four times current lightly-taxed earnings. Profits may have been nnsustainably high in the last year, as WICO has benefited from the portfolio shift by UK investors after the end of British exchange controls.

There may also he some problems for foreign brokers in getting hold of a full Stock Exchange seat in Hong Kong, and there is a questioo mark over the tax treatment of WICO under the Inland Revenue's proposed tax haven rules, both these considerations may help to explain the modest price.

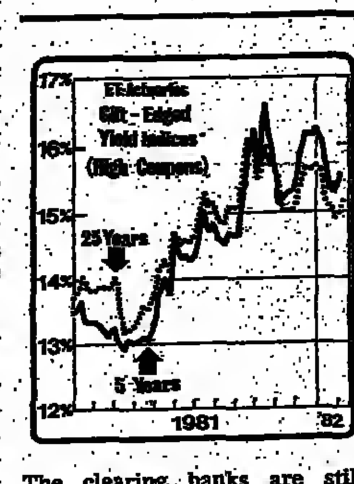
Carr Sebag, meanwhile, looks to be selling one of its best assets to prop up a basic UK broking business which is earning inadequate returns. One comical aspect of the deal is that Exco, capitalised at nearly £90m, is being forced by Stock Exchange rules to get shareholders' permission to buy net assets of £0.4m. There is so much goodwill around that the purchase price amounts to a third of Exco's tangible net worth.

Money figures

If sterling M3 were still the authorities' guiding light, British interest rates would have gone up rather than down over the last few weeks. Growth of 1½ to 1¾ per cent in banking January takes the annualised rate of increase to nearly 6 points above the top end of the Government's 6 to 10 per cent target.

There was something of a lull in tax collection during the hanking month (although the Government went back into surplus with a vengeance in the last days of calendar January). But bank lending to the private sector remained very strong, at nearly £2bn seasonally adjusted.

Index fell 7.5 to 563.2



The clearing banks are still picking up market share, thanks to low base rates and the continuing push for mortgage business, and are financing some of the new loans by selling existing assets to the Bank of England, which bought £1½bn of bills during the month.

The exchange rate, which is now the major focus of policy, was not giving cheerful signals either yesterday, falling two cents against the dollar and 0.4 points on its trade-weighted index. The strong undertone in the financial markets is getting hard to sustain.

Trident

Today's announcement that the Gaming Board will not object to the renewal of the Victoria Casino's licence means that Trident TV's gamble in buying Playboy's UK gaming businesses has already more or less broken even. Quite apart from the property assets obtained in the deal, Victoria and the betting shops should produce about £3½m pre-tax in a normal year, equivalent to a p/e of 8, fully-taxed, on the total purchase price of £14.6m.

Now the attention switches to whether Trident will be able to re-open the Park Lane Playboy and Clermont Club in May. And here, with certificates of consent from the Gaming Board under its belt, the omens are promising, albeit not cast iron. So there is now a strong prospect that all three casinos will be open for the lucrative summer months. Meanwhile, in the next financial year pre-tax profits of above £20m, or 20p a share, fully-taxed do not stretch the imagination. The shares were 71p yesterday, before the announcement, up 1p.

Reed International

A week after Barclays launched its £100m 16 per cent 25-year loan stock Reed International is also probing deep into double-digit territory with a £25m Eurosterling bond issue carrying a 16¼ per cent coupon and priced, probably, at par. Reed is limiting its exposure to high fixed rates, however, by setting a maturity only seven years distant, and moreover by building in an early repayment option after four years.

The shorter maturity makes this a more suitable offering for the Eurobond than the domestic market, which is more receptive to long bonds. It is the first time the sterling sector of the Eurobond market has been tested for nearly a year, but Reed's advisers Warburgs presumably feel that the market is healthy enough to absorb a new issue.

Are Barclays and Reed taking a pessimistic view of sterling interest rates? Barclays denied it last week and probably Reed would emphasise the continuing nature of its borrowing programme—the last accounts showed £186m of outstanding loan capital in a variety of currencies—rather than admit that it is attempting to guess the future. For a relatively small issue, Reed appears to be willing to pay the going rate.

Boeing

Boeing's net income has fallen by a fifth to $473m in 1981, with half the setback arising in the final quarter, and a further decline is in view this year. The number of civil aircraft delivered by the group will fall about a fifth in 1982 and there will be a much steeper drop in the most profitable parts of the business. The deliveries of the 727 will be down from 94 to 26, while the 747 will sink from 53 to 31, compared with a peak of 73 in 1980.

This squeeze on cash flow is coinciding with a period when working capital requirements for the new 757 and 767 aircraft are rising fast. As a result, Boeing's cash mountain is shrinking, with cash and short term investment down from $1.6bn to $920m in the last 12 months.

However the balance sheet remains strong, with very substantial unused credit facilities. The military workload continues to rise with work for the U.S. Government now accounting for 19 per cent of the backlog. And the dividend is well covered offering a yield of around 7 per cent.

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